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FINANCIAL TIMES

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NEWS SUMMARY

Labour Vales Bill defeat
 The Commons defeated the Government's attempt to pass the Labour Vales Bill, a measure designed to give the Government a new clause deleted by a coalition of Conservative and Labour MPs. The Government's attempt to pass the bill was defeated by 232 votes to 223.

Rise in Gilts lifts equities
 The rise in the price of government securities, known as gilts, has helped to lift the price of shares on the London Stock Exchange. The Government Securities Index rose 0.41 to 72.16.

ance 'tests'utron bomb'
 The United States has exploded a neutron bomb, a new type of nuclear weapon designed to kill people without destroying buildings. The test was carried out in the Nevada desert.

rn Bill
 The House of Commons has passed a bill to protect children from pornography. The bill will make it an offence to supply or distribute material that is likely to cause serious harm to children.

nsions Inquiry
 The Director of Public Prosecutions has announced that he will investigate the actions of police officers who were involved in the shooting of a man in the streets of London last month.

me shooting
 A man was shot in the back of the head by a police officer in the streets of London last month. The man was taken to hospital and is now recovering from his injuries.

Irish clashes
 There have been clashes between Irish republicans and the police in the streets of London. The republicans are demanding the release of prisoners held in Northern Ireland.

ackpool probe
 The police are investigating a case of corruption in the Blackpool area. The case involves a man who is alleged to have received a large sum of money from a foreign source in return for his services.

ilean amnesty
 The British Government has offered a general amnesty for Irish republicans who have been involved in the conflict in Northern Ireland. The amnesty is conditional on the republicans agreeing to a ceasefire.

hana arrests
 The police have arrested a number of men in connection with a case of terrorism. The men are alleged to have been involved in the bombing of a building in London last year.

ino's record
 A man who has been involved in a number of violent incidents has been charged with a series of offences. The man is alleged to have been involved in the assault of a woman in the streets of London last month.

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wealthy recluse
 A man who has been involved in a number of violent incidents has been charged with a series of offences. The man is alleged to have been involved in the assault of a woman in the streets of London last month.

ccer: England drew 1-1
 The national football team has drawn a match with a friendly match at Wembley. The match was a 1-1 draw between England and a foreign team.

arks and Spencer...
 A man who has been involved in a number of violent incidents has been charged with a series of offences. The man is alleged to have been involved in the assault of a woman in the streets of London last month.

Government starts vetting company productivity deals

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government has started to vet productivity deals agreed under the phase three pay policy to ensure that they are self-financing.

Companies will be asked to confirm that their schemes are self-financing, and therefore not inflationary, in line with the criteria. If these conditions are not met, agreements will have to be renegotiated which may result in a reduction in payments.

As a last resort the use of sanctions, such as the withholding of public sector contracts and purchasing, may be considered. The move did not surprise the CBI, whose president Mr. John Greenborough, said inspections had been expected since companies entered into productivity deals in the full knowledge that people would want to see the details.

The inquiry by the Department of Employment has only been started now—two-thirds of the way through the pay round—to allow sufficient time for productivity deals to be properly established. Monitoring will concentrate on schemes which include a large number of workers and producing a big increase in earnings.

Officials say there is no evidence that there has been a lot of fiddling. The CBI's own data bank covers 400 productivity deals, of which more than half result only in an extra 1 to 5 per cent in earnings.

target has been raised 7 per cent or 61 per cent. In the wake of the action, the Bond market fell sharply with the 10-year gilt falling to 104.00.

The U.S. Gross National Product declined 0.8 per cent in the third quarter of the year, according to preliminary figures. Mrs. Juanita Kreps, Secretary of Commerce, blamed the decline on the weather.

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Overall, the cuts would affect some 17m. people but would be specially aimed at helping middle managers, so that, for example, a married man earning £7,000 a year, with no children, would receive an extra £120 a year on top of the Budget's proposals for £24.

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Booth hopes TUC will back pay plan

BY CHRISTIAN TYLER, IN ABERDEEN

MINISTERS STILL hope to win TUC support for the next phase of their incomes policy. This was made plain by Mr. Albert Booth, Employment Secretary, at the Scottish TUC in the first Ministerial speech to a union audience since the Budget.

This traditionally militant assembly carried a series of resolutions opposing any curb on free collective bargaining or special restraint on the public sector.

But there was a surprising show of support for an attempt by Mr. Tom Jackson, of the Union of Post Office Workers, to leave the door open to negotiation on national wage rises between unions and Government.

Mr. Jackson was supported by Mr. Sid Weighall, of the National Union of Railwaymen, while the opposition was led by two civil service unions with the help of TASS, the white-collar section of the engineering workers, among many others.

A blocking amendment to the postal workers' resolution from TASS was carried on a card vote by about 11 to nine.

Mr. Booth, who was heckled by several Right-to-Work demonstrators in the visitors' gallery, gave no clue either to the existence or size of the earnings target which Ministers may decide to start quoting in later speeches.

He said that in the forthcoming talks with the TUC on the economy, the Government wanted to know "whether the public sector unions are divided on how best to tackle the Government's use of cash limits and pay norms."

Earlier, the point was put even more bluntly by Mr. Mick McGahey, president of the Scottish miners: "I would suggest to those that talk about phase four—in another couple of years it will be phase 24—I say, that you should tell them to get stuffed."

Mr. Weighall, who was booed by some delegates, called on unions to remember their working-class solidarity and to negotiate with the Government how the benefits of lower inflation should be distributed in wages.

The day's events made it clear that even if many TUC leaders would like to move to some kind of agreed share-out of wages they will have great difficulty in harnessing more than general support for Labour when they go to their own union conferences.

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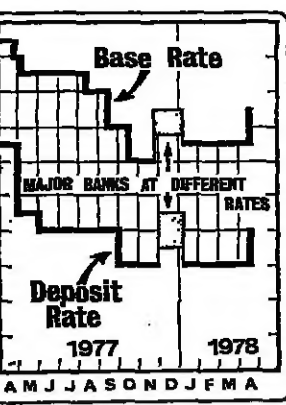
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Banks put up lending rate 1%

BY MICHAEL BLANDEN

THE COST of bank overdrafts increased yesterday as the big four banks announced rises of 1 per cent to 7½ per cent in their base lending rates.

The move contributed to a slump in the London money markets, with the gilt-edged market showing renewed strength. The Bank of England made substantial sales of gilt-edged stocks to help fund the Government borrowing requirement.

The demand for stock quickly exhausted the remaining supplies of the official short-dated tap stock, 8½ per cent, Exchequer 1983, of which £800m. was originally issued early last month.

The authorities were also able to sell a further significant amount of the long-dated tap stock, Exchequer 1985, of which £800m. was originally issued early last month.

Prior to the market showed gains of up to 1 in the long gilts and just under 1 in the shorts, and the Financial Times Government securities index rose 0.41 to 72.16.

The bank's move comes after the increase in the Bank of England's minimum lending rate in last week's Budget from 8½ to 9½ per cent. This was followed by a period of uncertainty in the money markets, with rates early this week suggesting that MLE could be forced up again.

The banks wanted conditions to settle before making their decision, and found it convenient to wait until after yesterday's monthly make-up of the banking figures, marking the end of the monetary year.

The rise was led by National Westminster Bank, and quickly followed by the rest of the big four and others, including the Co-operative Bank. It will put Continued on Back Page

£ in New York

	April 19	Previous
Spot	\$1.3178-5388	\$1.3136-8446
1 month	0.84-0.26 dia.	0.84-0.26 dia.
3 months	0.84-0.26 dia.	0.84-0.26 dia.
12 months	2.80-2.40 dia.	2.80-2.40 dia.

Fed intervenes with bid to put clamp on credit

BY STEWART FLEMING

ANXIETIES about the inflationary outlook appear to have prompted the first move by the Federal Reserve Board to tighten credit since Mr. G. William Miller took over as chairman of the Central Bank on March 8.

With Federal funds—the reserves banks lend each other—trading at the 8½ per cent level established at the beginning of the year, the Fed intervened early this afternoon to drain reserves and put upward pressure on short-term interest rates by executing matched sales of securities.

Wall Street's money markets immediately, and confidently, interpreted the Fed intervention as a shift in monetary policy. There was uncertainty, however, whether the Fed's intervention

target has been raised 7 per cent or 61 per cent. In the wake of the action, the Bond market fell sharply with the 10-year gilt falling to 104.00.

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Landing system rejected

BY ROBERT GIBBENS

BRITISH hopes of providing a standard instrument landing system for the world's civil aviation were virtually killed off last night when delegates from 71 countries voted to adopt an American-Australian system.

The voting was 39 for the variant of the American Time Reference Scanning Beam (TRSB) against 24 for the U.K.'s Doppler system. There were eight abstentions.

The decision, taken under the auspices of the International Civil Aviation Organisation, came after fierce competition. Eventual orders could be worth £10m.

The British Doppler system was developed by Plessey and the TRSB by several U.S. companies including Texas Instruments and Bendix.

The verdict came in a secret ballot proposed by France, whose own microwave system had earlier been withdrawn on grounds that it was too conceptual.

Existing instrument landing systems will be valid until 1985 as the new international system is phased in gradually.

West German proposals to continue development work on a 360 degree approach system to be based on the TRSB were accepted, and there will be further discussion of this at the delegates meeting tomorrow.

Mr. Brian Smith of the British delegation said after the vote: "We are naturally very disappointed. The next important thing is what the British Government will do."

"We have always said that we are ready to participate in whatever system was chosen. This means that British companies will participate in the manufacture of the system."

Earlier, the point was put even more bluntly by Mr. Mick McGahey, president of the Scottish miners: "I would suggest to those that talk about phase four—in another couple of years it will be phase 24—I say, that you should tell them to get stuffed."

Mr. Weighall, who was booed by some delegates, called on unions to remember their working-class solidarity and to negotiate with the Government how the benefits of lower inflation should be distributed in wages.

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CBI seeks more tax cuts

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADING industrialists yesterday decided to launch a major attack on the Budget aimed at persuading MPs to add income tax cuts worth some £900m. to the Finance Bill during the coming weeks.

The attack will amount to the most widespread political lobbying campaign yet undertaken by the Confederation of British Industry, whose monthly council meeting yesterday recorded its deeply felt resentment "over the Budget's limited income tax cuts."

MPs will be lobbied both by the Confederation in London and by individual company chairmen and chief executives in their constituencies and will be told that the £900m. cost in 1978-79 should be financed by cuts in public expenditure.

Of this £900m., the Confederation wants £700m. to be used on cutting the standard income-tax rate by 2p, and the other £200m. on reducing higher rates.

The money should, it says, be found through a major drive on "waste in revenue expenditure," by using money from the public borrowing reserve, and by trimming allocations to the National Enterprise Board.

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NORTHAMPTON
'The handsomest and best built town in all this part of England'
 David Defoe

Over 250 years ago the author of "Robinson Crusoe" visited Northampton. The town he saw had completed rebuilding after a devastating and tragic fire had destroyed whole areas.

Today his description is as true as ever. Many of the important and historical features of old Northampton still remain, though the dirt-tracks the mail coach used to travel have been replaced by more modern transport systems. London and Birmingham are now only about an hour away by motorway or rail.

The town which so inspired Defoe continues to develop. It offers the ideal commercial and industrial location and an excellent labour relations record. Since expansion started in 1970 over 200 successful firms, including 20 from overseas, have chosen to share in its growth and history. Northampton Development Corporation provides also for the housing and social requirements of our newcomers, improving and supplementing the town's many facilities.

For further details phone 0604 34734 or write to: L. Austin-Crowe, Chief Estate Surveyor, Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN

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EUROPEAN NEWS

Barre promises to free prices and raise wages

BY ROBERT MAUTHNER

PARIS, April 19.

M. RAYMOND BARRE, the French Prime Minister, announced today that while the French Government would permit the free market to operate with its policies of economic restraint, it would take early steps to free industrial prices and raise the wages of the lowest paid workers.

The Prime Minister said during the presentation of the new Government's economic programme to the National Assembly that he would ask confidence on his declaration. There can be no doubt that the Government will obtain the required majority, since even before the debate started, the Gaullists made clear that they would vote for the Government.

M. Barre emphasised that the main principles on which his present Government had based

The French National Assembly approved the Bill raising France's IMF quota from \$100m. to \$150m. by 290 votes to 36, late on Tuesday after the Gaullists had dropped their opposition. Robert Mauthner reports from Paris. The Communists voted against the Bill. And the Socialists abstained. The Government defused a threatening political crisis by separating the quota increase from the ratification of the amendments to the IMF statutes, authorising floating exchange rates and the reduction of the role of gold in the international monetary system.

its economic policy remained valid. The new administration would continue to give priority to maintaining a strong and stable currency, limiting the increase of the money supply in accordance with the norms fixed for 1978, keeping down the Budget deficit to a level at which it could be financed by savings and not by the creation of new money, and slowing down wage rises, while at the same time maintaining purchasing power.

Without setting a growth target for the French economy, the Prime Minister said that the Government would aim for "the highest possible growth rate compatible with a return to balance of payments equilibrium". M. Barre said that to put an end to the excessive indebtedness of companies and to restore their capacity to finance themselves out of own resources, the Government had decided "progressively and irreversibly" to free industrial prices. Nationalised enterprises would also be permitted to fix their rates at levels which would ensure their financial viability.

But the Government would remain vigilant and keep a careful eye on credit policy. State aids would be reduced and the severe with its policies of economic restraint, it would take early steps to free industrial prices and raise the wages of the lowest paid workers.

The liberalisation of prices, according to the Prime Minister, would contribute to a resumption of investment. But the Government would take additional steps to stimulate investment by creating non-voting preference shares, currently non-existent in France, and special loans from the economic and social development fund which would be considered as falling under the heading of interest rates in favour of long-term investments.

The Prime Minister also confirmed his pre-election promise that company and income tax, as well as VAT and social security charges, would be maintained at their present levels in 1978 and 1979.

The Government would continue to make a special effort to help small and medium-sized businesses and would table, in the near future, a Bill exonerating companies in this sector which employed new workers between 18 and 26 years of age from 50 per cent of their social charges.

On the incomes front, M. Barre said that the general rule would continue to be that wages should not rise faster than prices. But, at the same time, the policy of social justice announced by President Giscard d'Estaing implied that a greater effort should be made for the lowest paid categories.

In the immediate future, the Government would ensure that the national minimum wage would rise, more quickly, than average wages. Increases in this wage, known as the SMIC in France, would be implemented on May 1, July 1 and December 1 this year.

The government's longer-term policy would be to introduce minimum wages for each industrial sector instead of a national minimum wage. It also intended to fix a minimum income for families with three children next year and to revise regularly both family allowances and pensions.

With the aim of reducing the present large disparities between the rich and poor, M. Barre also promised that the Government would undertake to study the desirability of introducing a wealth-tax and would submit the conclusions of its findings to Parliament.

Morobody 'unlikely to be near lake'

By Dominick J. Coyle

ROME, April 19.

THERE IS increasing official doubt here tonight that the body of Sig. Aldo Moro, the president of the ruling Christian Democratic party, will be found in the deserted lake district on the border of the Abruzzi and Lazio regions, the location indicated in a latest communiqué purporting to come from the Red Brigades terrorist group.

Police and Army frogmen, supported by helicopters and a special Army mountain unit, continued the detailed search of the area today, but in Rome, Interior Ministry sources expressed private doubts on the authenticity of the latest terrorist communiqué, pointing to a number of anomalies in its style and content, compared with earlier messages received since Sig. Moro was kidnapped last month.

The harshness of the terrain in the Lake Duchessa region (where it was claimed the body of the former Prime Minister had been dumped), following his "suicide" while in captivity, and recent heavy snowfalls in the mountains area have convinced the authorities that it would be extremely difficult for a body to be brought there by road and without trace, in the climatic conditions of the past few days.

One source in the Christian Democrat party, the leadership of which has been in virtually non-stop session for 36 hours, tonight expressed the confusion and uncertainty in political ranks over the kidnapping. "We can only hope that the whole thing is a horrible hoax," he said. Yet, the prevailing, if unvoiced, feeling in all the political parties here is that Sig. Moro is almost certainly dead. The remaining doubt is over the location of his body, but a number of lawyers who have been associated with the defence of the Red Brigades terrorists have expressed optimism that he is still alive.

The police have assembled a photo-fit picture of the tenant of a small apartment in Rome, off the Via Cassia, which was discovered yesterday morning and may be a Red Brigades hide-out, although there are doubts as to whether Sig. Moro was held there and removed shortly before the police arrived.

A preliminary examination of arms found in the apartment suggests that one, at least, of the guns was of a type and calibre used in the original ambush of Sig. Moro, in which five police guards were shot dead. However, this information was not immediately confirmed by officials.

Sig. Giulio Andreotti, the Prime Minister, has again called on all his ministers to stand by in case of an emergency meeting of the Cabinet, pending some definitive news from the search in the Lake Duchessa zone.

France explodes neutron device

BY DAVID WHITE

FRANCE HAS exploded a neutron bomb device at its South Pacific testing site, according to reports in Paris. However, the French Government firmly withheld comment today, following delivery of Plutonium in 1974. The neutron bomb is a tactical nuclear weapon producing enhanced radiation and reduced blast compared with nuclear weapons already deployed and is designed for use primarily against tank concentrations.

A spokesman said the Government would not rise to "press rumours". Unofficial comment tended to confirm that research into such a weapon had been going on but also suggested that France was still several years away from a production programme.

Earlier this month, Mr. Jimmy Carter, the U.S. President, announced that he was shelving American development of a neutron weapon.

The influential Le Monde newspaper said reports that France had tested a neutron bomb were "not taken seriously" but added a weapon of this kind did not seem "outside the capability of a medium power such as France" and was in some ways a logical consequence of doing so.

Coming less than two weeks after President Carter's announcement that he was deferring immediate output of the neutron bomb, the news of the reported French test carries important implications for the credibility of France's independent deterrent policy.

France-Soir went so far as to suggest that "with its bomb, France could be more powerfully armed than any other country in Europe".

France's progress in neutron bomb technology, it added, gave a strong hand to President Valéry Giscard d'Estaing who is due to present France's latest disarmament proposals at a special UN General Assembly in New York next month.

Reginald Dale, Our European Editor writes from Frankfurt: Seven NATO Defence Ministers today appealed to the Soviet Union to exercise restraint in developing its armed forces in response to President Carter's decision on the neutron bomb. After a two-day meeting here in Denmark, the alliance's Nuclear Planning Group emphasised the importance of a "positive Soviet response" to the U.S. move. The ministers, from the U.S., Britain, West Germany, Italy, Belgium, Denmark and Turkey, reiterated their concern at the continuing build-up of Russian military power.

Mr. Harold Brown, the U.S. Defence Secretary, said only negative statements had come from Moscow. It was too early to make a final judgment. "The U.S. had set no deadline for specific concessions."

Dr. Joseph Luns, the NATO Secretary General, told a news conference he hoped for a sign from the Soviet Union within a couple of months. This could come either at the UN session on disarmament or in private contacts with Washington.

He made it clear that the Soviet build-up had been such that NATO heads of government would be bound to give the go-ahead for a strengthening of the West's forces when they meet in Washington at the end of May. The Soviet build-up has gone beyond the level that could be justified for defensive purposes, he said.

While acknowledging some positive developments in the exchange of information, the Soviet representative stressed that these have not yet brought the talks closer to agreement. He criticised the Western insistence that the Warsaw Pact should carry out force reductions three times as large as the West despite "an approximate parity of forces."

In a prepared statement, the Czechoslovak ambassador, Mr. Emil Kebulisek, repeated the same points, and described Western tactics as unrealistic and unworkable. Mr. De Vos pointed out that the timing of the Western proposals was related to progress achieved in discussions about the exchange of data. He said discrepancies between Western and Eastern figures must be resolved before any progress could be achieved.

Whether the talks would now enter a decisive phase or not depended primarily on the response of the Eastern side to the new NATO proposals, Mr. De Vos said.

NATO tries to advance force talks

BY PAUL LENDVAI

VIENNA, April 19.

NATO TO-DAY put forward what Mr. W. De Vos of the Netherlands, speaking on behalf of the West, called a major new initiative to move the 19-nation East-West force reduction talks "decisively towards a third phase agreement." He said it was now up to the Eastern side to demonstrate more than merely verbal interest in the success of the talks which began here in October 1973.

The first Warsaw Pact reaction to the new Western proposals, the first important initiative since December 1975, was cautious and non-committal. Speaking at today's 18th full meeting of the talks, which adjourned until May 18, the chief Soviet delegate, Mr. Nikolai Tarasov, only promised careful study of the proposals. Although formally submitted today, the proposals were tabled at an informal meeting of the two sides a week ago.

The Western proposals involve significant modifications of the original NATO plan put forward almost two years ago. Thus NATO would be willing to accept the principle of equal percentage cuts, once an approximate parity had been established. According to Western figures, Warsaw Pact forces outnumber NATO in the central region by 150,000 men in addition to a superiority of 321 in tanks.

Another potentially important change concerns the offer to withdraw 1,000 U.S. nuclear warheads and 29,000 U.S. troops from Europe in exchange for the withdrawal of the Soviet tank army from East Germany. The participants in a second stage, but complex and difficult problems remained. He hoped his visit would help bring about progress on the remaining issues and felt the U.S. and the Soviet Union had a special responsibility to broaden the co-operative aspects of their relationship and to regulate the competitive aspects.

Both sides have indicated that they believe the SALT discussions are at an important juncture. But Western diplomats fear that the Russians may not have accepted that they too must give ground if an agreement is to be reached.

He was not truly interested in force reductions but in strengthening the arms race and securing substantial advantages for the West. He also said that dangerous plans for the deployment of the neutron bomb had not been abandoned completely. While acknowledging some positive developments in the exchange of information, the Soviet representative stressed that these have not yet brought the talks closer to agreement. He criticised the Western insistence that the Warsaw Pact should carry out force reductions three times as large as the West despite "an approximate parity of forces."

In a prepared statement, the Czechoslovak ambassador, Mr. Emil Kebulisek, repeated the same points, and described Western tactics as unrealistic and unworkable. Mr. De Vos pointed out that the timing of the Western proposals was related to progress achieved in discussions about the exchange of data. He said discrepancies between Western and Eastern figures must be resolved before any progress could be achieved.

Whether the talks would now enter a decisive phase or not depended primarily on the response of the Eastern side to the new NATO proposals, Mr. De Vos said.

He said some key NATO states after an agreement affecting U.S. and Soviet troops only in the first phase. Mr. Tarasov complained today that the talks were extremely protracted because of the unconstructive attitude of the West. He said some key NATO states

Sweden cuts discount rate

BY WILLIAM DUFFLOR, NORDIC CORRESPONDENT

STOCKHOLM, April 19.

The Swedish Riksbank (Central Bank) will lower its discount rate from 7.5 to 7 per cent, from tomorrow.

The banks were admonished to lower their interest rates correspondingly but the long-term bond rates were expected to remain unchanged.

It is the second 0.5 per cent cut in the Swedish bank rate this year, the first coming in February. The Riksbank said its decision was due to the calm prevailing on the Swedish currency market and the improvement in the trade balance. The situation did not call for any change in credit policy, which has been restrictive since the beginning of the year.

The wider spread between the short-term and long-term rates will, it is hoped, make long-term placements on the capital market more attractive and stimulate private investment to buy bonds. This would be to the advantage of the Treasury which has to finance a budget deficit of over Kr.30bn. in the current fiscal year.

Cypriots reject peace plan

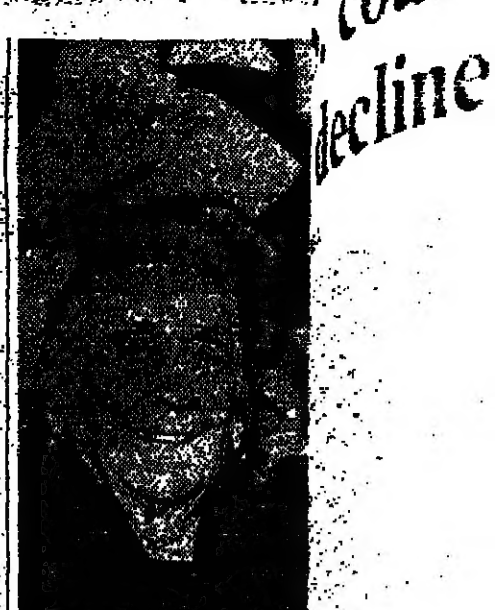
BY OUR OWN CORRESPONDENT

NICOSIA, April 19.

CYPRUS APPEARED to be moving towards a new crisis today after the rejection by the Greek Cypriot side of the latest Turkish proposals for a settlement. The Turkish plan was brought to Nicosia this morning by Dr. Kurt Waldheim, the UN Secretary-General, and presented by him to President Spyros Kyprianou and his Government.

Announcing the rejection of the plan, Mr. Kyprianou said it was totally unacceptable and a big fraud. It aimed at misleading world opinion, expressing Turkey from its isolation, and helping those who were seeking the lifting of the U.S. arms embargo on Turkey.

Dr. Waldheim, who left for New York after a four-hour visit, confirmed earlier that deadlock persisted. Mr. Kyprianou said the Turkish proposals meant the consolidation of the island's division, and the creation of two separate states.



Sra. Dolores Ibarruri, the Communist Congress in Madrid yesterday, became known as 'Pastorita' during the Spanish Civil War because of her emotional speech in support of the Republican cause.

Carrillo confident of support

By Robert Graham

MADRID, April 19.

THE FIRST legal congress of the Spanish Communist Party (PCE) in 46 years opened today with an impassioned defence by Sr. Santiago Carrillo, the party's secret general, of his belief that Communism had to operate within the framework of a parliamentary democracy in Spain. He admitted, however, that refashioning of the old traditional ideology had to be made.

Sr. Carrillo appeared enormously confident that he had the mass of the party behind him. He even said that if the party did not approve him—and he has been leader for 18 years—it was liberty to say so.

Referring to controversy proposals to remove the Leninism from the party statutes, he insisted this was not an abrogation of the party's historic role. However, the party had to adapt itself to the new situation.

Most observers believe the issue will pass without a split in the congress. Interest is focusing on the behaviour of the large delegation from Catalonia, which apparently has been given free vote. The Catalan Communist Party (PSUC) is seriously divided over the issue when it held its congress two weeks ago.

The content of Sr. Carrillo's speech contained little that was new. He said that he believed in co-operation with the Spanish Government to establish democracy in Spain, and that he would co-operate with this policy was drawing response from the Government.

Sr. Carrillo was careful to mention the role played by the party in the past. He would have been unheard of the party 20 years ago. Although not attacking Government on major points, Sr. Carrillo sounded warning against any attempt to take Spain into NATO.

Yorkshire Bank Base Rate

With effect from 20th April 1978
Base Rate will be
changed from 6½% to 7½% p.a.

Yorkshire Bank Limited
Reg. Office: 2 Infirmary Street
Leeds LS1 2UL

Coutts & Co

Coutts & Co. announce that their Base Rate for lending will be increased from 6½% to 7½% per annum for balances in their books on and after 20th April, 1978 and until further notice.

The Deposit Rate on monies subject to seven days' notice of withdrawal will increase from 3% to 4% per annum.

An aristocratic wine falls on hard times

BY DAVID CURRY IN PARIS

SAUTERNES, that most aristocratic of all Bordeaux wines, has fallen on hard times. The margins have shrunk appallingly, comments Count Alexandre de Lur-Saluces, the unpunctuated generation of his line to own Chateau d'Yquem. "Around 60 per cent of our costs are labour. Our yields are tiny—that's the whole nature of Sauternes—we reckon on one glass of wine per vine plant. We are completely dependent on the special micro-climate of the region. If it doesn't work—well, there's no Chateau d'Yquem that year."

"Look at the small man," says M. Michel Fournier, President of the Association of Sauternes and Barsac growers, and owner of a vignoble classified as Deuxieme cru classe in the Sauternais. "About half the Sauternes acreage is in the hands of people with less than four hectares of land. Now the absolute maximum yield is 2,500 litres per hectare and, quite frankly, you are not producing good Sauternes at that yield." (Chateau d'Yquem calculate 900 litres.)

"Your operating costs are about Frs.15,000 (£1,760) per hectare each year. For a 900 litre barrel of Sauternes the price is around Frs.7,000. In a good year, he can just about make ends meet. In a bad one he is really scratching to make a livelihood."

"The average yield in the whole of the Bordeaux wine-growing area is around 4,500 to 5,000 litres per hectare while even in 1977, which was ruined by frost, the vignoble managed an average 2,500 litres per hectare yield. You can see the problems of a producer who can only afford a yield of 1,000 or so litres to the hectare to maintain quality."

M. Fournier himself does not have to depend on Sauternes. He owns the Chateau Canon in Saint Emilion and also has a Bordeaux law practice—less

romantic than wine but with a more reassuring cash flow. In short, there is a crisis in the Sauternais. The problem is that while costs have soared and the production of Sauternes, by its nature, is dependent on old labour-intensive methods, its popularity has diminished. Sweet wines—and a bottle of Sauternes contains on average 72 grammes of sugar—are no longer in fashion. The social



milieu where it appealed is disappearing.

France is overwhelmingly a red wine drinking country, and the social life that was allied to Sauternes drinking—special occasions like celebrations, and extensive meals when two or three wines were served—are becoming rarer. The great vogue for sweet food has put a premium on dry white wines. Besides Sauternes is produced in such small quantities that it is not an attractive commodity for the wine dealer.

In 1976 people aged over 50 accounted for 58 per cent of the market for sweet Bordeaux wines whereas they represented only a third of the market for the red wines of Medoc and Graves. Those under 35 years old took some 16 per cent of the sweet wines, whereas they accounted for 31 per cent of the red wines. Only one-third of the sweet wine was drunk by people in the four upper categories of a four category scale of socio-economic position, these groups accounted for 60 per cent of

Medoc and Graves sales. What is Sauternes? Its secret is a mushroom parasite called botrytis cinerea: it attacks the maturing grapes, causing them to rot on the vine. It is the pourriture noble (noble mould) that creates the intense concentration of sugar and strength in the grape depends. The parasite itself grows because of the particular micro-climate of the Sauternais: the five communes on the edge of the pine-growing forest of Les Landes which produce Sauternes are all under the influence of a small stream, the Ciron, a minor arm of the Garonne. Its cold waters provoke the autumn mists which are dispersed by hot sun. The combination of mist and sun creates the right conditions for the "noble" rotting of the grape.

The grapes have to be collected at the crucial moment when they are fully rotten. They have to be individually picked as they reach this stage. That means that instead of one grand harvest, pickers have to go through the vineyards successively as many as a dozen times, and the grapes are pressed in small quantities.

Normally the Sauternais can be sure of the right conditions eight or nine years each decade. But this decade is already sure to be below scratch. "We can get by," says Count Lur-Saluces. "The wine has to mature for 3½ years in cask before it is bottled and marketed, and we only put on to the market around 68,000 bottles on average a year. We have a reserve stock that we can market to compensate for the year when the wine is too poor to be classified as Chateau d'Yquem."

Yquem has 100 hectares under vine, but only about 85 hectares are "on stream" at any time because of the replanting programme. It takes six years for a vine to produce pickable grapes—a long time to

wait for return on capital. The chateau has a full-time workforce of 50 and may need up to 120 pickers at harvest.

There are no more than 400 Sauternes growers. They produce around 40,000 hectolitres of wine a year in a good year from around 2,000 hectares. The price of some Frs.7,000 a barrel is around the same for Saint Emilion. But the vine for Sauternes yields at most only half as much liquid as the grape vinified for red wine, and Sauternes is not commanding the premium price its status as a luxury item requires for profitability.

The Bordeaux wine body, the Conseil Interprofessionnel du vin de Bordeaux wants to spread the message that Sauternes goes easily with many more foods than the foie gras for which it is famous. "People tend not to eat foie gras every day," M. Fournier remarks with deliberate understatement. "But we are ready to try it at Nairac if a dependable strain could be guaranteed."

For spraying the parasite on to the vine, and says he would be ready to try it at Nairac if a dependable strain could be guaranteed.

But he admits: "You can't say we count for much in terms of return on capital." Happily he has a cushion: his wife's family own Chateau Giscours (Margaux) and Branaire-Ducru (St Julien) producing high quality red wines. The Heeter family's industrial interests in Ohio are a useful prop.

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AMERICAN NEWS

U.S. coal strike blamed for decline in GNP

DAVID BELL

WASHINGTON, April 18.

U.S. Gross National Product fell in the first quarter of 1978, according to preliminary figures issued today by the Commerce Department. The annualized rate of growth was 1.3 per cent, down from 2.5 per cent in the fourth quarter of 1977. The decline was attributed to a coal strike which had cut production of the fuel by 10 per cent in the first quarter of 1978.

In the past weeks, such indicators as housing starts, personal income and retail sales have all declined. Mrs. Kreps said that she expects a "spurt of economic growth" in the second quarter. Nevertheless, today's figures are expected to be used by supporters of the President's proposed \$25bn. tax cut as further evidence of the need for fiscal stimulus by the end of this year. In spite of pressure from the Federal Reserve Board and elsewhere, the Administration is sticking to its view that this stimulus will be needed.

It estimated that the rate of inflation, as measured by the GNP deflator, climbed to an annual rate of 7.1 per cent in the first three months of the year, compared with 5.9 per cent in the last quarter of 1977. The department said that the main reason for the decline in the first part of this year was a 1.3 per cent drop in consumer spending for many months. This was a direct result of the weather, which depressed incomes of farmers and construction workers, and was the sharpest fall in consumer spending for many months. This year's decline compared with a 3.8 per cent increase in the last quarter of 1977 and a 5.1 per cent increase in the three preceding months.

Exim bank man attacks European air sales

By John Wyles

NEW YORK, April 19. A SHARP attack on the financing arrangements behind two recent major European sales to U.S. airlines was delivered in California by a senior official of the U.S. Export-Import Bank.

In a speech to the U.S. Aerospace Industry Association, Mr. Donald Furtado, a senior vice-president at the bank, revealed yesterday the U.S. government's evident displeasure at the measures taken by the French and West German governments to promote the Airbus, and at the British Government's backing, which enabled Rolls-Royce to capture the \$250m. contract to provide engines for 12 Lockheed L1011 aircraft ordered by Pan American Airways.

Mr. Furtado implied that the three European governments were ignoring existing export credit understandings and were risking the provocation of an export credit war which could exacerbate the protectionist pressures around the world.

He said that Eastern Airlines' recent decision to acquire 23 Airbus A300 aircraft capped a growing series of sales to the company, which owed more to the unusual nature of French and German government assistance than to the quality of the aircraft. Most notable, said Mr. Furtado, was a production subsidy which enabled Airbus Industrie, the manufacturers, to offer the aircraft at artificially low prices.

But it was also understood that orders for the A300 had been captured in competition with U.S. aircraft manufacturers through such inducements as special landing rights, promises of trade agreements, of nuclear reprocessing agreements and of military equipment.

The Pan Am order for 10 Airbus A300s was a clear example "of the extraordinary use of government financial support," said Mr. Furtado.

The support for a U.S. airline and manufacturer was welcome, commented Mr. Furtado, but he claimed that Britain had violated three basic principles of the limited international understandings on aircraft financing, "to which the British Government supposedly adhered."

There had been no minimum 10 per cent cash payment, the repayment period was longer than 10 years, and local assistance support was being given to the U.S. producer in abnormal circumstances.

PANAMA CANAL TREATY

Welcome victory for the President

BY OUR OWN CORRESPONDENT

WASHINGTON, April 19.

PRESIDENT CARTER was in a jubilant mood this morning following the Senate ratification of the Panama Canal Treaty. He handed the President his first major victory in 15 months of difficult dealings with Congress.

The treaty—the first to have a symbolic value out of all proportion to the actual importance of the canal. Mr. Carter made them a test case of his ability to get controversial foreign policy measures through Congress, of his leadership and, in the end, of the credibility of his Presidency.

Defeat would have been a grave setback for the Administration. It would have done great harm to U.S. relations with the rest of Latin America and have involved the United States in a running battle with Panama. General Omar Torrijos, the Panamanian leader, made this point in a television interview this morning. "If the Senate had not ratified the treaty we would have destroyed the canal," he said.

At home, the Senate vote is an enormous relief to the

administration. Mr. Carter has become the object of almost universal praise in the past few weeks, as though he alone were responsible for the various problems which confront the country.

Mr. Richard Strout, a respected Washington pundit, describes it as a "funny attitude of condescension towards Jimmy Carter in America. It is a national attitude of deprecation, of disparagement."

He goes on to argue that this attitude, which is daily fostered by such newspapers as the Washington Post (fast becoming a shadow of its former self), is unfair and unlike anything he has seen in Washington. The administration has made mistakes, but they are neither as serious nor as numerous as some critics contend.

The canal victory is a case in point. For 14 years, four Presidents have wrestled with this issue. When Mr. Carter chose to reopen treaty talks, a solid majority of the Senate opposed the canal to Panama. The public opinion polls show that a majority of the U.S. people still

manages to get will have a very tough ride in Congress, as it would whoever had won the last presidential election.

There is also the question of armed aircraft for Egypt, Saudi Arabia and Israel. This "package deal" will soon go to Congress, where it is bound to be fiercely opposed by the pro-Israel lobby. Success over Panama is no guarantee that the aircraft deal will have an easy passage. Nor is it any guarantee that the President will be able to persuade the Congress finally to reach agreement on his Energy Bill, but it may be some marginal help in both cases.

Also worth noting about the canal is the fact that, despite the torrent of unfattering things that were said about Gen. Omar Torrijos, the Panamanian leader, and about Panama, the administration here proved remarkably adept at keeping Panamanian confidence. That, said one aide this morning, "owed a lot to the fact that Torrijos trusted Carter. But I don't expect Carter will get much credit for that either."

Editorial comment Page 22

NY Post seeks staff cuts

BY OUR OWN CORRESPONDENT NEW YORK, April 19.

EXECUTIVES of the New York Post newspaper, owned by Mr. Rupert Murdoch, are preparing for a tough year of labour negotiations as they seek to reduce the 1,300 staff of the paper to try to eliminate losses, which some reports put at a rate of several million dollars a year.

This morning, Post negotiators resumed talks in Washington with members of the Newspaper Guild of New York, under the guidance of the Federal Mediation and Conciliation Service. The Guild represents some 450 Post staff—including reporters, clerks, advertising and circulation staff—with average earnings including fringe benefits of \$25,000 per year.

The Post has said that it wants to eliminate at least 135 of the

jobs as part of an economy drive. Some sources suggest 150 or more redundancies are being sought. But it is conceded privately that the negotiations with the guild are only the beginning of a drive to reduce the total labour force at the Post, and that, as the year goes on, attempts will be made to cut the work force in other trades, including the printing trades.

Mr. Murdoch bought the Post in November, 1976, for a little more than \$30m.

Since then, although the circulation of the Post, the only afternoon daily newspaper in the city, has increased from just fewer than 500,000 to about 630,000 each day, for the past six months, Post executives concede that it is losing money.

Chile declares general amnesty

SANTIAGO, April 19

THE CHILEAN military government today declared a general amnesty for all Chileans jailed by military courts since it came to power almost five years ago.

The Justice Minister, Sr. Manuel Madariaga, said that Chileans exiled by the same courts for political crimes would be allowed to return home.

The amnesty announcement came within a week of a Cabinet reshuffle which put civilians in the majority in the government for the first time since the armed forces seized power in September, 1973. Executive power remains in the hand of the military.

The amnesty covers all Chileans convicted for political

offences, including detainees who transgressed the provisions of the state of siege which was lifted last month.

Sr. Madariaga said that 109 people would be released immediately as a result of the amnesty. Exiles wishing to return to Chile will have to sign a declaration promising to refrain from political activity. A group of 112 political offenders was sent into exile last week-end after being released from jail, Reuter.

U.S. COMPANY NEWS

Modest profit increase at American Motors, Dow Chemical margins hit, CBS ahead, Page 22

Outsider enters Venezuelan presidential race

By Joseph Mann

CARACAS, April 19.

SR. DIEGO ARRIA, a popular Venezuelan politician who served until recently in the administration of President Carlos Andres Perez, stated today that he will seek the presidency in the December election.

Sr. Arria, who has been Governor of Caracas and Minister of Information, during the present regime, will stand without the

support of the "main parties"—Sr. Luis Pineria Ordaz of the ruling Democratic Action, and Senator Luis Herrera Campins of the Social Christians.

The rapid rise of Sr. Arria under the tutelage of Sr. Perez made for him a number of enemies in the principal parties. His candidacy should provide an interesting element in the lack-lustre campaign. He is a staunch backer of President Perez's programmes, but frequently criticises Democratic Action leaders.

Feature Page 14

Sasse dispute application

BY JOHN MOORE

INSTITUTO DE Resseguros do

Brasil, the Brazilian re-insurance group involved in a legal dispute with Lloyd's syndicate F. H. Sasse over a \$13m. claims settlement, has applied through a Texas court for evidence relating to coverage, and of the alleged agency of Edward T. Smith, and of Intriglobal Re-insurance Facilities Inc. are both denied by the petitioner.

Intriglobal was one of the parties involved in the original placing of the disputed 1,300 property contracts, which insured properties mainly in poorer parts of the New York area.

In the petition for evidence document, IRB explains that it is the defendant in an action filed in the English High Court by a syndicate of Lloyd's underwriters who allege that the

petitioner, IRB, "agreed to provide re-insurance coverage through its alleged agents, Edward T. Smith and/or Intriglobal Re-insurance Facilities Inc. The validity of the alleged coverage, and of the alleged agency of Edward T. Smith, and of Intriglobal Re-insurance Facilities Inc. are both denied by the petitioner."

IRB says it believes that Edward T. Smith is the only witness with personal knowledge of the true circumstances and the custody of documents which will lead to relevant material evidence.

In the document, Mr. Smith is described as "a principal in Intriglobal Re-insurance Facilities."

Caracas picks oil search companies

BY OUR OWN CORRESPONDENT CARACAS, April 19.

THE VENEZUELAN state oil monopoly, Petroven, has announced that its off-shore exploration programmes will be areas where oil was most likely to be found off-shore included the Atlantic shelf next to the Orinoco delta (near Trinidad) and two

sites in the Caribbean.

The president of Petroven, Gen. Rafael Ravard, said that the areas where oil was most likely to be found off-shore included the Atlantic shelf next to the Orinoco delta (near Trinidad) and two

sites in the Caribbean.

Energy Bill Page 22

U.S. continues to trim imports of foreign oil

WASHINGTON, April 19.

THE U.S. is still cutting its imports of foreign-produced oil, according to the American Petroleum Institute (API). The API figures include oil for current demand and industry stocks, but not crude imports for the U.S. strategic reserves.

API said that such imports, including crude and refined petroleum products, averaged 8,258m barrels a day during March last year.

API figures showed that imports of crude averaged 5,824m b/d during March, 12.2 per cent below the 6,633m b/d in March, 1977. Imports of refined products amounted to 2,434m b/d, down by 6.7 per cent from 2,611m b/d in March, 1977.

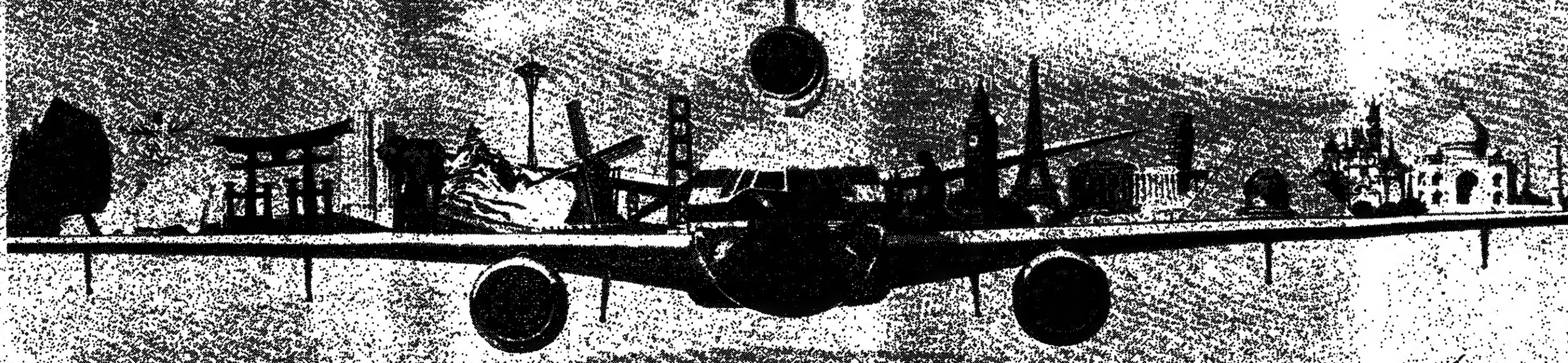
The API figures also showed that, during the first three months of this year, imports of crude and refined products, to meet current demand or for industry stocks, were down by about 13.9 per cent from those of the first quarter of 1977. Crude imports were down 10.6 per cent, while those of refined products declined by 21.4 per cent.

Energy Bill Page 22

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1970 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on May 15, 1978, through the operation of the Sinking Fund, provided for in said Indenture, \$2,500,000 principal amount of Debentures of the said issue (\$1,400,000 principal amount of the Debentures representing the mandatory Sinking Fund Payment, the remaining \$1,100,000 principal amount representing the Optional Sinking Fund Payment), bearing the following distinctive numbers:

COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

3	1293	2262	3511	4887	6038	7197	8274	9282	10398	11553	12741	13843	15019	16172	17445	18620
4	1294	2263	3512	4888	6039	7198	8275	9283	10399	11554	12742	13844	15020	16173	17446	18621
5	1295	2264	3513	4889	6040	7199	8276	9284	10400	11555	12743	13845	15021	16174	17447	18622
6	1296	2265	3514	4890	6041	7200	8277	9285	10401	11556	12744	13846	15022	16175	17448	18623
7	1297	2266	3515	4891	6042	7201	8278	9286	10402	11557	12745	13847	15023	16176	17449	18624
8	1298	2267	3516	4892	6043	7202	8279	9287	10403	11558	12746	13848	15024	16177	17450	18625
9	1299	2268	3517	4893	6044	7203	8280	9288	10404	11559	12747	13849	15025	16178	17451	18626
10	1300	2269	3518	4894	6045	7204	8281	9289	10405	11560	12748	13850	15026	16179	17452	18627
11	1301	2270	3519	4895	6046	7205	8282	9290	10406	11561	12749	13851	15027	16180	17453	18628
12	1302	2271	3520	4896	6047	7206	8283	9291	10407	11562	12750	13852	15028	16181	17454	18629
13	1303	2272	3521	4897	6048	7207	8284	9292	10408	11563	12751	13853	15029	16182	17455	18630
14	1304	2273	3522	4898	6049	7208	8285	9293	10409	11564	12752	13854	15030	16183	17456	18631
15	1305	2274	3523	4899	6050	7209	8286	9294	10410	11565	12753	13855	15031	16184	17457	18632
16	1306	2275	3524	4900	6051	7210	8287	9295	10411	11566	12754	13856	15032	16185	17458	18633
17	1307	2276	3525	4901	6052	7211	8288	9296	10412	11567	12755	13857	15033	16186	17459	18634
18	1308	2277	3526	4902	6053	7212	8289	9297	10413	11568	12756	13858	15034	16187	17460	18635
19	1309	2278	3527	4903	6054	7213	8290	9298	10414	11569	12757	13859	15035	16188	17461	18636
20	1310	2279	3528	4904	6055	7214	8291	9299	10415	11570	12758	13860	15036	16189	17462	18637
21	1311	2280	3529	4905	6056	7215	8292	9300	10416	11571	12759	13861	15037	16190	17463	18638
22	1312	2281	3530	4906	6057	7216	8293	9301	10417	11572	12760	13862	15038	16191	17464	18639
23	1313	2282	3531	4907	6058	7217	8294	9302	10418	11573	12761	13863	15039	16192	17465	18640
24	1314	2283	3532	4908	6059	7218	8295	9303	10419	11574	12762	13864	15040	16193	17466	18641
25	1315	2284	3533	4909	6060	7219	8296	9304	10420	11575	12763	13865	15041	16194	17467	18642
26	1316	2285	3534	4910	6061	7220	8297	9305	10421	11576	12764	13866	15042	16195	17468	18643
27	1317	2286	3535	4911	6062	7221	8298	9306	10422	11577	12765	13867	15043	16196	17469	18644
28	1318	2287	3536	4912	6063	7222	8299	9307	10423	11578	12766	13868	15044	16197	17470	18645
29	1319	2288	3537	4913	6064	7223	8300	9308	10424	11579	12767	13869	15045	16198	17471	18646
30	1320	2289	3538	4914	6065	7224	8301	9309	10425	11580	12768	13870	15046	16199	17472	18647
31	1321	2290	3539	4915	6066	7225	8302	9310	10426	11581	12769	13871	15047	16200	17473	18648
32	1322	2291	3540	4916	6067	7226	8303	9311	10427	11582	12770	13872	15048	16201	17474	18649
33	1323	2292	3541	4917	6068	7227	8304	9312	10428	11583	12771	13873	15049	16202	17475	18650
34	1324	2293	3542	4918	6069	7228	8305	9313	10429	11584	12772	13874	15050	16203	17476	18651
35	1325	2294	3543	4919	6070	7229	8306	9314	10430	11585	12773	13875	15051	16204	17477	18652
36	1326	2295	3544	4920	6071	7230	8307	9315	10431	11586	12774	13876	15052	16205	17478	18653
37	1327	2296	3545	4921	6072	7231	8308	9316	10432	11587	12775	13877	15053	16206	17479	18654
38	1328	2297	3546	4922	6073	7232	8309	9317	10433	11588	12776	13878	15054	16207	17480	18655
39	1329	2298	3547	4923	6074	7233	8310	9318	10434	11589	12777	13879	15055	16208	17481	18656
40	1330	2299	3548	4924	6075	7234	8311	9319	10435	11590	12778	13880	15056	16209	17482	18657
41	1331	2300	3549	4925	6076	7235	8312	9320	10436	11591	12779	13881	15057	16210	17483	18658
42	1332	2301	3550	4926	6077	7236	8313	9321	10437	11592	12780	13882	15058	16211	17484	18659
43	1333	2302	3551	4927	6078	7237	8314	9322	10438	11593	12781	13883	15059	16212	17485	18660
44	1334	2303	3552	4928	6079	7238	8315	9323	10439	11594	12782	13884	15060	16213	17486	18661
45	1335	2304	3553	4929	6080	7239	8316	9324	10440	11595	12783	13885	15061	16214	17487	18662
46	1336	2305	3554	4930	6081	7240	8317	9325	10441	11596	12784	13886	15062	16215	17488	18663
47	1337	2306	3555	4931	6082	7241	8318	9326	10442	11597	12785	13887	15063	16216	17489	18664
48	1338	2307	3556	4932	6083	7242	8319	9327	10443	11598	12786	13888	15064	16217	17490	18665
49	1339	2308	3557	4933	6084	7243	8320	9328	10444	11599	12787	13889	15065	16218	17491	18666
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68	1358	2327	3576	4952	6103	7262	8339	9347	10463	11618	12806	13908	15084	16237	17510	18685
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70	1360	2329	3578	4954	6105	7264	8341	9349	10465	11620	12808	13910	15086	16239	17512	18687
71	1361	2330	3579	4955	6106	7265	8342	9350	10466	11621	12809	13911	15087	16240	17513	18688
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73	1363	2332	3581	4957	6108	7267	8344	9352	10468	11623	12811	13913	15089			

WORLD TRADE NEWS

OECD split on threat from Third World ships

By Ian Hargreaves

PARIS, April 19. SPLIT on how to deal with the threat posed by Third World shipbuilders to the crisis-stricken shipyards of the developed world came evident here today.

Delegates to the shipbuilding working party of the Organisation for Economic Co-operation and Development heard that in a recent months' shipyards outside the OECD accounted for as much as 30 per cent of new orders.

South Korea, the fastest-growing of the Third World builders, ranked second in new orders taken in 1977 with 6 per cent of the world's total, according to a recent Lloyd's Register.

The working party was considering a report from the Secretary suggesting creation of a shipbuilding industry fund outside the context of EEC, to facilitate exchange of information about investment.

Though some delegations urged desirability of such a forum, serious reservations were expressed by the Japanese.

The forum proposed within the working party would be specifically excluded from discussing national policy issues and would therefore theoretically lay Japanese fears that any body would simply be used as an opportunity by Western shipping countries' industrial policy.

W. German shipyards to get extra DM540m. aid

BY ADRIAN DICKS

BONN, April 19.

THE WEST GERMAN Cabinet agreed today to extend its support programme for the shipbuilding industry worth DM538.4m. in the years 1980-83.

Assistance totalling the same sum is being provided in the period from 1976 to the end of 1979.

Announcing that today, the Government spokesman, Herr Klaus Bolling, stressed that the programme was in no sense a "crisis measure" but rather an extension of current policy. The main objective, Herr Bolling said, was to safeguard employment in the industry.

The measures announced today are likely to be greeted by the West German shipbuilding industry as a bare minimum. In its annual report, published two weeks ago, the industry's

federation expressed some appreciation for measures taken last year to help it, but called for additional assistance in three areas.

First, it argues that the Bonn Government has not fully used its powers under European Community guidelines for subsidies to shipbuilding, while it also has called for further assistance to yards in their efforts to diversify more widely into non-shipbuilding activities.

Most important, however, for the current talks in progress at the Organisation for Economic Co-operation and Development (OECD) is the German shipbuilders' call for a waiver of OECD minimum interest rates in order to allow German yards to offer customers the benefit of the

very low interest rates in effect in West Germany.

As its annual report showed, the German shipbuilding industry last year suffered heavily from the upward movement of the Deutschmark against other currencies, which helped to give the industry higher wage costs than any of its foreign competitors.

Deliveries last month were also up, rising 7.3 per cent from 1.7m. tonnes to 1.8m. tonnes. At the same time, the industry's order book improved by 5.7 per cent from 3.6m. tonnes to 3.8m. tonnes. As can be expected, however, the level of orders placed by domestic and EEC customers remains virtually unchanged and a rise is entirely attributable to increased bookings from non-EEC customers.

Cuba and USSR sign £3bn. protocol

By David Satter

MOSCOW, April 19. THE SOVIET UNION and Cuba have signed a 1978 trade protocol calling for the value of trade to rise to more than 4bn. (£3.1bn.). Moscow Radio said the agreement was the most important in the history of Soviet-Cuban trade relations.

The USSR also signed a 1978 trade and payments agreement with China, according to Tass, the Soviet news agency. No figure for 1978 trade volume was given but Sino-Soviet trade in 1977 fell off sharply compared with the year before.

Soviet-Cuban trade has been increasing on an annual basis. Last year it had a total value of 3.45bn. (£2.57bn.), a gain over the 1976 trade volume of 2.87bn. (£2.22bn.).

Cuba is one of the Soviet Union's largest trading partners. Sino-Soviet trade relations had a total value of 3.45bn. (£2.57bn.) in 1977, a decline of 27 per cent from the 1976 trade volume of 4.74bn. (£3.44bn.). Soviet exports for 1977, the last year for which a per product breakdown is available, were principally food products and clothing.

Start on £14m. deal The first shipment in a £13.7m. order for 124 edge-banding and finishing machines to the USSR has been made by Hawker Siddley Canada.

Pressure mounts for Carter to reverse fasteners decision

BY DAVID BELL

WASHINGTON, April 19.

PRESIDENT CARTER'S decision not to grant import relief to United States manufacturers of metal fasteners is coming under increasing pressure in Congress.

Last February the President rejected a recommendation by the International Trade Commission that higher tariffs should be imposed on imports of nuts, bolts and screws to provide a measure of relief for the hard-pressed domestic industry.

But under U.S. law, Congress has 90 days to overturn the decision. Three top industry

officials told a Press conference yesterday they are lobbying hard to persuade Congress to void Mr. Carter's decision. They claimed the continuing high level of imports is leading to increased unemployment.

They said they might be prepared to accept an "orderly marketing agreement" with the Japanese instead of an increase in tariffs, but they said that by invoking the spectre of a worldwide recession that would follow if protectionist measures were taken, they would carry the day.

Imported nuts, bolts and screws account for 44 per cent of the U.S. market and the industry claims that nearly 8,000 jobs have been lost since 1969. Resolutions have been introduced in the House and the Senate to overturn the President's ruling. However, it is still too early to say if they have enough backers to uphold the ITC ruling.

Congress has until the middle of July to act on the issue. If it does not, the President's ruling will carry the day.

Orders for rolled steel increase

BY GUY HAWTIN

FRANKFURT April 19.

WEST GERMANY'S steel industry today reported a heavy increase in orders for rolled steel finished products during March. Overall, they rose 17.6 per cent to 2.0m. tonnes, but despite this increase, they are still a good 150,000 tonnes below the order level of March, 1977.

According to the Wirtschaftsvereinigung Eisen- und Stahlindustrie, the industry's trade association, there is little hope that this substantial increase in bookings indicates a long-term improvement in the steelmakers' fortunes.

A spokesman said that it reflected speculative buying, primarily from America in the

face of rising steel prices, prompted by the pick up in the U.S. economy.

The spokesman pointed out that the increase in orders came from customers outside the European Economic Community and that by far the largest customer in this sector was the U.S.

To-day's figures, which do not include semi-finished products, hot rolled broad strip or special steels, show that domestic orders fell back by 4.3 per cent, from 1.2m. tonnes in February to 1.1m. tonnes in March.

In contrast, however, orders from third countries rose by 105.3 per cent, from 341,000 tonnes in February to 358,000 tonnes in March.

Italian and other European steel producers and EEC officials were meeting in Milan tonight in an attempt to reach a final compromise on EEC minimum price regulations for reinforced steel bars and laminated plates, Paul Betts writes from Rome.

Despite the world steel recession, Brazil's three State-owned steel companies appear ready to attempt to export 677,000 tonnes of semi-finished and common steel products this year to the U.S., Canada, Africa and Latin America, Diana Smith writes from Rio de Janeiro.

Brazil pushes sales to developing countries

BY DIANA SMITH

RIO DE JANEIRO, April 19.

RAZIL, AS a whole and specifically Interbras, trading company of the state-owned oil conglomerate Petrobras, wants to increase trade with the Middle East, Latin America and Africa.

Interbras' 1977 annual report shows that some success in that field has already been achieved. Its business with the Middle East grew from exports of \$4.34m. in 1976 to \$6.57m. in 1977, while exports to Africa rose from \$3.85m. to \$14.36m. in the same period.

Interbras deals essentially in commodities, foodstuffs, manufactured goods (from shoes to furniture, domestic appliances and vehicles), and is making a drive for new service contracts with developing countries.

Last year the trading company acted as agent for Brazilian services worth \$44m., including civil engineering (the Suez Canal Authority) and the Saudi Arabian oil project being built by Brazil's state construction company (the state-owned telecommunications improvements to the Lagos tele-

phone service, Nigeria, supervised by Brazil's Protes-Sobratel company of the state-owned oil consortium).

This month Interbras is launching an all-out drive in Lagos to place many of the types of Brazilian domestic appliances on the Nigerian market. For the first time last year, Interbras acted as agent for household appliances and sold 2,000 units a day.

Overall trade exchange between Brazil and Africa have risen from \$353m. in 1973 to \$1,066m. in 1977, an increase in Africa's share of Brazilian trade from 2.8 to 4.5 per cent.

Because of a large trade surplus in Brazil's favour (\$935m.) in its exchange with the Warsaw Pact countries, much of it due to large coffee sales in the past year and a half, Brazilian and Warsaw Pact trade officials are studying ways of righting the balance, especially the possibility of joining forces, also providing technology and other sophisticated equipment.

Petrobras platform delay

FINANCIAL TIMES REPORTER

McDERMOTT, Scotland will be at least two months late in delivering the \$9.9m. oil drilling production platform ordered by Petrobras, Brazil's national oil concern.

According to Petrobras, McDermott's bid prevailed over one of two other competitors at spring, because it promised delivery in 15 months. Other bidders could only offer a 20-month delivery.

McDermott, wholly owned subsidiary of J. Ray McDermott, U.S. group, said that the main reason for the delivery delay was a eight week strike by employees earlier this year.

The company said work had to be held up by Petrobras until which had been six months in sending over the final data needed to build the platform.

In January this year McDermott told its employees that it wanted to go from a two-shift system to a three-shift system. The idea was opposed by members of the Amalgamated Union of Engineering Workers who went on strike until March 6.

The union has now agreed to a three-shift system after further negotiations with the company and the 18-well drilling platform is expected to be delivered by the beginning of November.

The platform will be used in the Namorado Field, which is part of the Campos Basin, North of Rio de Janeiro. Oil production there is not due to begin until 1981, and McDermott says late delivery of the platform should not delay the Petrobras schedule.

More Mitsubishi TVs

TOKYO, April 19.

Mitsubishi Electric plans to double its colour television production in the United States to 10,000 sets a month by the end of 1978, a company spokesman said.

He said it is hoped that the increase will help to offset Mitsubishi Electric's falling shipments to the U.S. market, mainly to the year's appreciation against the dollar.

Mitsubishi Electric's exports to the U.S. have also declined from the normal annual level of 100,000 sets after a three-year agreement, started last year, capping all Japanese colour television exports to the United States.

In February, Mitsubishi Electric began producing colour television sets at a Los Angeles factory run by its wholly-owned subsidiary, Melco Sales.



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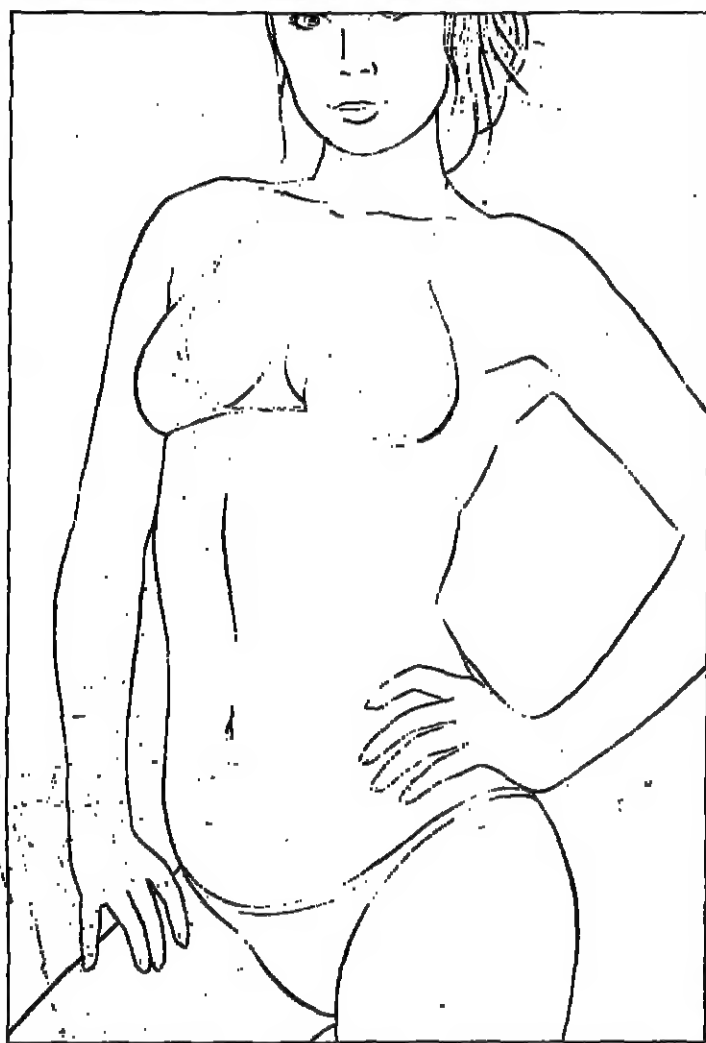
Base Rate Change

From 6½% to 7½% p.a.

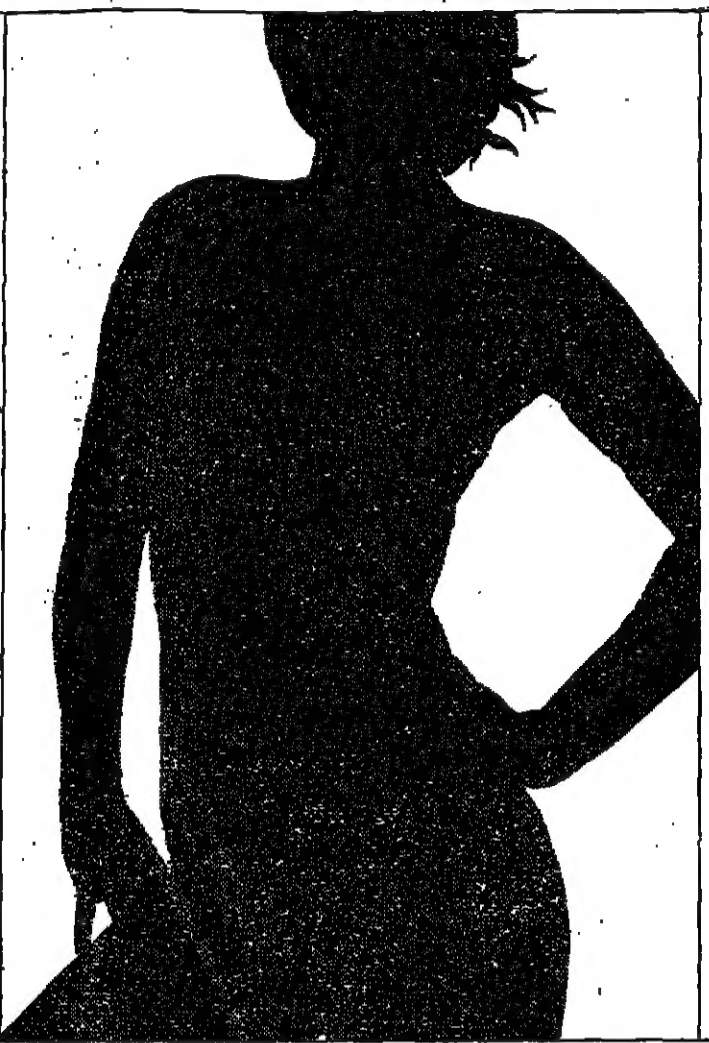
Also:

7 Day Deposit Accounts 4% p.a.

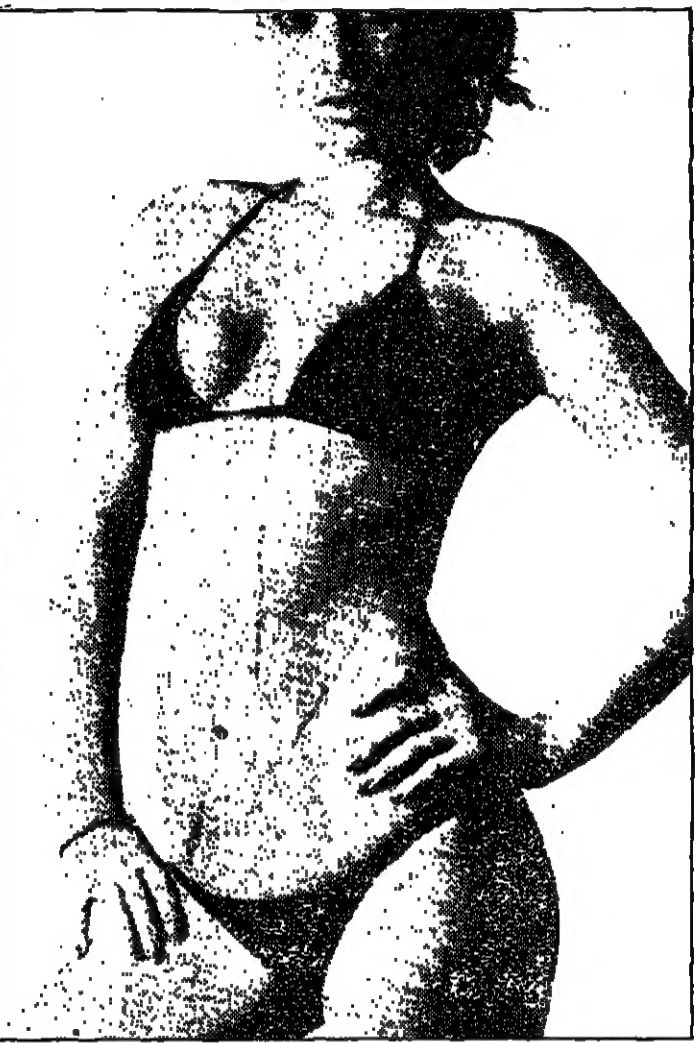
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HOME NEWS

Backing for 'going metric'

By Elinor Goodman, Consumer Affairs Correspondent

THE GOVERNMENT'S call on supporters of its metrication programme to stand up and be counted brought a quick response yesterday from a diverse group of trade and consumer organisations, and a tart rebuke from the Opposition.

The Confederation of British Industry, the Consumers' Association, the Food Manufacturers' Federation and the Retail Consortium, all declared their support for the metrication programme, complete with statutory cut-off dates for the use of imperial measures in sectors of the trade where the timetable for the changeover had been agreed.

The CBI said it was seriously concerned at the prospect of further delay and renewed certainty about metrication.

The Consumers' Association endorsed this view and said it would be a disaster if the present programme did not go ahead.

But the National Consumer Council, set up by the Government specifically to represent the interests of consumers, said that given the strong feelings for and against metrication among consumers, it needed more time to consider the matter.

Obstacles

A meeting to discuss the whole subject would be held shortly.

On Tuesday, Mr. John Fraser, Minister for Consumer Protection, wrote an open letter to trade and consumer organisations.

He asked them if, in light of the obstacles put in the way of the Government's metrication programme, they still wanted statutory cut-off dates for the use of imperial measures or whether the imperial unit should be left in wither away in the shops over a long period.

Mrs. Sally Oppenheim, Shadow Prices Secretary, accused the Government of passing the buck in their "incredible muddle" over metrication.

She hoped the Government would now withdraw the orders for imposing metric measures on two sectors—household textiles and weighed-out fruit and vegetables—and leave it to the trade concerned to make the change on an agreed basis.

Unit trust sales reach record £49.4m.

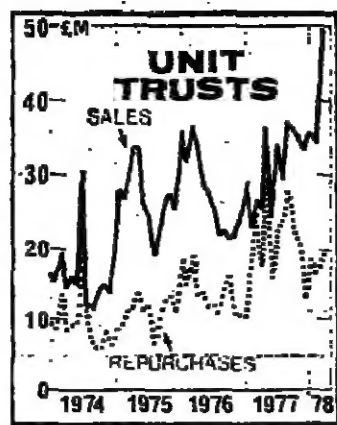
BY ADRIENNE GLEESON

UNIT TRUST sales in March were the highest recorded by the industry, at \$49.4m. They were \$15m. higher than the figure for the preceding month, and almost double that for the corresponding period of 1977.

After allowing for the repurchase of units from unitholders, the improvement in the position of the industry has been more dramatic still. As against net sales of \$17.1m. in February, the March figure was \$30.17m. A year's net new investment amounted to only \$1.8m.

Last month's success—which appears to have put paid, once and for all, to the suggestions that the industry had outlived its usefulness—is attributed principally to the interest which investors have shown in two varieties of specialist trust: the American funds, and the high-yielding funds.

So far the signs are that last month's performance will at least be maintained in April and may be superseded. In particular, the volume of money going into American funds—particularly since Wall Street's revival at the end of last week—has been, according to many fund man-



UNIT TRUSTS

SALES

REPURCHASES

1974 1975 1976 1977 78

Other cuts include that of up to 245 on flights to Vancouver, reducing the return fare to £189; a cut of \$34 to £175 return to Chicago; and \$30 to £139 return to New York. All are from Gatwick, in the peak summer months, and for stays of up to six and eight weeks in the U.S.

British Airways said that the proliferation of cheap Standby fares on scheduled services had led to a general belief that cheap seats would be readily available

on scheduled flights throughout the summer peak period.

This would not necessarily be the case, but British Airways still had some cheap ABC seats left on charter flights, which it was now seeking to sell at rates that amounted to little more than the Standby rates on scheduled flights.

People buying the cheap ABC rates would still have to abide by the rules of booking and paying not less than 21 days in advance.

British Airways cuts fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to cut the cost of charter flights across the North Atlantic this summer.

The airline's subsidiary, British Airways Charter Travel, said it intended to cut up to £122 off the price of Advanced Booking Charters (ABCs) for reservations made before May 31.

Flights from Gatwick to Los Angeles, bringing the fare down to £130 return for any passenger spending two months on the U.S. West Coast.

Cockerell wavepower raft launched

BY DAVID FISHLOCK, SCIENCE EDITOR

A RAFT designed by Sir Christopher Cockerell, inventor of the hovercraft, to harness the energy of waves into hydraulic power, was launched in the Solent from the Isle of Wight yesterday.

The Cockerell raft is one of four wavepower engines under development by the Energy Department, which sees it as the most promising of all the "benign and renewable" energy sources for the U.K. The raft is a model one-tenth the length—though only one-

hundredth the power—of machines envisaged for the future.

Mr. Alex Eadie, Under-Secretary for Energy, said at the launch that sea trials of the model would show people that wavepower was "not just a hot air pipe dream, but a tangible, credible proposition."

Mr. Eadie defended the Government against charges that it was halfhearted in its support of renewable energy resources, stressing that the technologies were still at an

early stage of development, and that spending was keeping pace with their progress.

The Government plans a review of the progress of wavepower later this year, before it determines the level of spending—and on which devices—over the next two or three years.

It is unlikely that any of the devices will be ready for sea trials as a full-scale prototype before 1985.

The Government's enthusiasm for wavepower is founded

Demand to drop airports helicopter link

By Michael Donne, Aerospace Correspondent

ENVIRONMENTAL protection groups have demanded that the proposed helicopter link between Gatwick and Heathrow airports should be abandoned because of the noise it will cause for communities beneath its flight path.

The link, planned by the British Airports Authority in conjunction with British Airways and British Caledonian Airways, is intended to provide a rapid connection between the airports, and so encourage more airlines and passengers to use Gatwick.

The three organisations believe that such a link is essential if the Government's aim at getting more airlines to move to Gatwick is to be achieved. The link is intended to start this summer, on a one-year experimental basis, but in any event it will be in the early 1980s when the M25 motorway is completed, providing a fast surface link between the two airports.

More than 80 anti-noise objections to the proposed link have been filed with the Civil Aviation Authority from individuals, amenity groups and local authorities, who say that more than 17,500 people living under the proposed flight path could be affected by noise.

Yesterday's resumed public hearing into the plan at the Civil Aviation Authority's headquarters in London, Mr. Guy Seward, for Surrey County Council and five other local authorities, said that the application should be refused on economic and environmental grounds.

Health Service drug bill to be cut 5%

BY DAVID CHURCHILL

CUTS OF 5 per cent a year for the next three years are to be made in the \$800m. spent annually on drugs by the National Health Service, Mr. David Ennals, Health Secretary, said yesterday.

The service will save about \$20m. a year, mainly by cutting back on the generally available drugs such as sleeping pills, tranquilisers, laxatives and vitamins.

The cuts will be at the discretion of individual doctors but the Department of Health is concerned at the sharp rise in recent years in the consumption of drugs for minor illnesses. "Some patients are reluctant to leave their doctor's surgery without a 'prescription'," Mr. Ennals said yesterday. "They think there is a pill for every ill."

Mr. Ennals said that health service spending on drugs had risen by 30 per cent over the past three years, to \$580m. in 1977, and was double the spending in real terms of 10 years ago. Prescriptions have risen from 271m. in 1967 to 318m. last year.

The Association of the British Pharmaceutical Industry, which represents all the major manufacturers, criticised Mr. Ennals for exaggerating the position. The association pointed out that the proportion of manufacturers' charges included in expenditure on medicines had fallen from 8.4 per cent in 1970 to 6 per cent in 1976.

It added that cutting expenditure on prescribed drugs could cost the service more in patients being treated in hospital.

Mr. Ennals remained convinced that many common drugs were being prescribed unnecessarily. Records showed that doctors in the same area with similar patients differed greatly in the amount of drugs prescribed.

Over \$20m. a year of scarce resources are being used on slimming pills, cough mixtures, laxatives and vitamins. Another \$40m. at least might be saved on the proportion of sleeping pills, tranquilisers and anti-rheumatic preparations that are inappropriately prescribed.

The root causes of the unnecessary use of drugs were patient demand and advertising.

Poster campaign

The department was planning more stringent regulations to control drug advertisements in medical publications, in addition to the lighter advertising standards set last year.

The Health Education Council will be sending out 100,000 posters for use in doctors' surgeries to persuade patients that drugs were not always needed.

The department's bid to cut the drugs bill is being carried out with the support of the British Medical Association.

More contest London seats

A TOTAL of 5,760 candidates, 567 more than at the last elections four years ago, will be contesting the 1,008 seats in the London borough council elections on May 4.

Labour is contesting every seat, according to figures issued by the London Boroughs Association. The Conservatives have 1,529 candidates, the Liberals 989 and the National Front 602.

Of the 32 boroughs, 18 are at present controlled by Labour and 14 by the Conservatives. There has been an extensive re-arranging in all boroughs except En-

Unions get seats on Steel Board

By Christian Tyler, Labour Editor

MR. ERIC VARLEY, India Secretary, is offering steelworkers six seats on a re-organised board of the British Steel Corporation.

The Minister, who is known to be keen to pilot through wage restraint legislation, is nationalising industries, app to be offering something to the tripartite board—re-established in the Post Office where trade unions have a right of the seats.

Mr. Varley has written to the Steelworkers' Committee, asking them to meet him and discuss details. Mr. Bill Sims, chair of the committee, said that he was going all out to board representation, which wanted to see introduced within six months.

This, he believes, will give unions some control over an operation now being conducted by the Corporation in a "top-down" manner.

The unions would then be able to challenge some of the popular decisions to post investment in some older works. They are also aware that they get on to the Board's rap they are the danger that a servative Government would cause the plan.

It will be a hard task to get union agreement on who should get the seats and on worker directors would be chosen. There are four unions with national agreements as a collection of craft unions with a separate agreement.

At present the Board has a full-time members, including chairman, Sir Charles Villiers, and seven part-time members without a change in legislation it could be expanded to 20.

Mr. Varley's offer thus suggests a tripartite Board involving independent interests.

State oil dividend decision postponed

By Ray Dexter, Energy Correspondent

A DECISION on the amount of dividends to be shown in British National Oil Corporation accounts is being postponed by the Energy Department until next year when the State oil group is due to make a net profit for the first time.

Sir Jack Hampton, Permanent Secretary at the Department, told the Public Accounts Committee yesterday that there was little use in laying the basis for dividends until the Corporation was trading profitably. Its potential was uncertain in view of problems associated with bringing new oil fields on stream and with changing crude oil prices.

Mr. Edward D. Cann, committee chairman, said that it was important that the dividends issue should not be forgotten, even though the interest shown in the current account might be notional.

Mr. Peter Horndern, Conservative member for Horsham and Crawley, asked why the public could not invest in the Corporation. This would put it on a more equal footing with commercial oil companies and would enable the public to measure its competitive performance, more closely.

Sir Jack replied that the Corporation had now powers to issue shares.

Mr. D. Cann said that the Committee was anxious that Parliament should be kept fully informed of the Corporation's important. It disposes of very large sums of public money. It has very high potential earnings for the Exchequer.

Sir Jack said that the National Oil Account—which handled the Corporation's revenues and funds—was scrutinised by the comptroller. The accounts were audited in the normal commercial manner.

Statement to-morrow on tin mine

By Paul Chesswright

THE BOARD of Cornwall Tin and Mining met yesterday morning in Geneva to discuss the future of its Mount Wellington tin mine in Cornwall and a statement will be issued to-morrow.

Doubt about whether the mine's future had been widely expressed since mounting losses were disclosed earlier this month.

Mr. Alan Blair, the chairman of Cornwall Tin, said in Geneva: "We are aware there have been a lot of rumours. We feel it is time to make a statement which will make clear what is fact and what is fancy."

Cornwall Tin embraces U.S. Canadian and Swiss interests. The mine started production in 1976 and employs more than 300 people.

Baron Merthyr

BARON MERTHYR of Sengbenydd, William Breckon Couchman, of Churston, Saundersfoot, Dyfed, a former Deputy Speaker of the House of Lords, left £166,559 gross, £133,075 net, in his will.

Tarling will ask Rees to stop extradition move

BY MARGARET REID

MR. RICHARD TARLING, a former associate of Mr. Jim Slater, the financier, is to appeal to Mr. Merlyn Rees, the Home Secretary, against extradition to Singapore on five charges remaining against him.

The move, likely to be made this week, will follow a ruling in his favour yesterday at the House of Lords on several other charges.

An appeal by the Singapore Government, seeking to reinstate five other charges thrown out by the High Court last October, was dismissed and Mr. Tarling won his appeal on another charge.

Mr. Tarling's return to Singapore, the question of whether the accounts of Haw Par Brothers International, the Singapore company formerly headed by Mr. Tarling, showed a true and fair view for the years 1972 and 1973.

Mr. Michael Buton, counsel for Mr. Tarling, later told three High Court judges who heard an application for bail to be renewed pending the petition to the Home Secretary, that it would not be proper to order Mr. Tarling's return to Singapore.

The remaining five charges against him, accountability offences under the Singapore Companies Act, did not attract custodial sentences in England.

Mr. Tarling's bail was renewed at £25,000, with a surety of £25,000 by the Lord Chief Justice, Lord Widgery, sitting in the Queen's Bench Divisional Court with Mr. Justice Boreham and Mr. Justice Denham.

After the House of Lords hearing, Mr. Tarling said: "There were originally 24 charges against me. Now they have been whittled down to five."

Mr. Tarling, who was awarded costs of the Lords hearing, said: "The various court hearings so far have cost me nearly £100,000. I've been told that the costs the Singapore Government is to pay are as much as £300,000."

Lord Edmund-Davies, Viscount Dilhorne, were wholly in agreement with other Law Lords. Lord Edmund-Davies said he would have missed the Singapore Government's appeal on only three of the five extra charges.

Mr. Slater, chairman of the 1974 of Slater, Walker, Secord and Mr. Tarling in January 1974, faced charges brought by Singapore Government in a decision with the affairs of a Par, Slater, Walker's used bank associate.

Mr. Slater was cleared by Chief Metropolitan Magistrate at all six charges against him. Mr. Tarling was found to have prima facie case in answer to 15 of 17 charges then brought against him. In July he was appeal to the High Court nine of these but was able to be extradited on six.

In October the House of Lords Appeal Committee refused to leave to appeal to the House of Lords on five of the remaining six but granted him leave to appeal on the sixth. He is appeal on this sixth charge concerning Motor and Gene yesterday.

In January this year the Singapore Government asked the Lords to reinstate five of charges on which Mr. Tarling had previously successfully appealed. It failed in this.

Study calls for improvements in domestic appliance industry

BY MAX WILKINSON

SUBSTANTIAL improvements in working conditions, productivity and industrial relations were needed in the U.K. domestic appliance industry, an industrial strategy report said today.

The report, by a group from the Domestic Electrical Appliances Sector Working Party of the National Economic Development Organisation, is based on a study of eight plants by the organisation's staff last year.

Absenteeism was high and manufacturing efficiency disrupted by unnecessary breakdowns. Maintenance of plant was not generally carried out,

consultation with employees was poor, and training inadequate.

These findings were qualified by observations that some plants appeared to be tackling their problems effectively.

Many interviewed thought that conditions and efficiency in foreign factories surpassed those in the U.K.

The number of working days lost for each 1,000 employees was 1,230, nearly twice as high in this sector as in manufacturing industry as a whole last year.

"Absenteeism is in general very high, with some plants experiencing around 20 per cent.

and others 10 per cent to 15 per cent.

"Only in two plants was absenteeism below double figures, and in all others it was generally agreed that absenteeism was a major impediment to high productivity."

Working conditions in factories overseas were generally typical of U.K. plants. But some of those interviewed asserted that conditions in factories overseas were superior.

Frequent stoppages were sometimes found to be caused by arguments about complicated systems used for payment by results.

In one factory, where the shop stewards described their scheme as an "outdated jungle", dissatisfaction with the pricing and rating of jobs had led to stoppages of work, which were said to amount to one or two hours daily.

In the two companies which had abandoned piece work, improvements in shop floor relationships resulted. However, the introduction of measured day work required careful management planning.

In most companies, fringe benefits for workers, like pensions or sick pay, were inferior. Only one factory had made child-minding arrangements, but some form of child-minding could help to reduce absenteeism.

"Productivity, industrial relations and the working environment in the U.K. domestic electrical appliances industry—National Economic Development Office.

Suggestions carried out says Post Office chief

BY JOHN LLOYD

THE POST OFFICE had carried out many of the main recommendations of the Post Office Review Committee, Mr. Nigel Wainwright, director of postal marketing at the Post Office, said yesterday.

The committee's report, published last July, recommended that the Post Office should become more competitive, particularly in its postal business. The Government has not yet given its response to the report.

Mr. Wainwright told the Mail Users' Association postal business in the last year had proved there was growth in domestic and overseas mail.

The committee had recommended that the postal business should introduce marginal cost pricing and give more responsibility to its local area managers. Both had been done.

Future prospects under discussion including extending the successful experiment in delivering newspapers by postmen and setting up a consultancy business offering advice to companies on their communications policy.

Call for reorganisation of electricity industry

BY JOHN LLOYD

A PLEA to the Government to carry through the reorganisation of the electricity supply industry was made yesterday by Sir Francis Tombs, chairman of the Electricity Council.

It coincided with a call by the Electricity Consumers' Council for a Price Commission inquiry into electricity prices in England and Wales.

A White Paper on reorganisation, including a draft Bill, was published earlier this month. However, Liberal opposition to the Bill has meant that it will not come before this session of Parliament.

Sir Francis, giving evidence to the Select Committee on Nationalised Industries, said that the Government's failure to legislate was a disappointment to the industry.

Mr. Michael Barnes, consumers' council chairman, said in a letter to Mr. Roy Hattersley, the Prices Secretary, that charges had increased four-fold between 1962 and 1976, while retail prices had increased only three-fold over the same period.

Do-it-yourself jobs bungled

BY JOHN LLOYD

DO IT YOURSELF motoring repairs are backing on cost-conscious drivers. The Automobile Association in Birmingham says that more than 7m. car owners are carrying out repairs—but even the so-called easy jobs are often badly done, leading to a record number of breakdowns.

Mr. Peter Horndern, Conservative member for Horsham and Crawley, asked why the public could not invest in the Corporation. This would put it on a more equal footing with commercial oil companies and would enable the public to measure its competitive performance, more closely.

Sir Jack replied that the Corporation had now powers to issue shares.

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GENERAL MINING GROUP THE GRIQUALAND EXPLORATION AND FINANCE COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Issued Capital—R597,500 in 11,950,000 shares of 5 cents each

REPORT FOR THE QUARTER ENDED 31 MARCH 1978

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31.3.78	Quarter ended 31.3.77	Previous Financial year to date
Operating results			
Development—metres	11,245	1,578	2,547
One million—tons	128,000	168,000	168,000
Fibre produced—tons	17,266	20,376	17,197
Percentage fibre recovered	13.4	12.2	10.3
Revenue per ton	R551.2	R526.4	R515.4
Production costs per ton	R223.9	R230.9	R228.0
Selling costs per ton	R103.4	R96.5	R86.3
Financial results			
Operating profit	R900	R900	R900
Profit after tax from non-mining subsidiaries	78	274	141
	1,860	4,673	2,120
Add: interest received (paid)—net	(53)	(50)	52
Profit before taxation	1,807	4,623	2,172
Provision for taxation	389	589	738
Net profit after taxation	1,418	4,034	2,044
Capital expenditure	362	1,319	500
Prospecting expenditure	140	139	95
Loan levy	54	73	94

Notes

1. Consolidated results are given, as information relating to the company only could be misleading.

2. Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year.

3. Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other products.

Registered Office: 6, Holland Street, Johannesburg 2001.

On behalf of the Board
C. H. WALTERS
W. T. P. MOSTERT
Directors

Grail tapestries make £104,000

THREE tapestries designed by Burne-Jones and woven by William Morris were sold for £104,000 at Sotheby's Belgrave yesterday.

The tapestries were from the set of 12 commissioned in 1854 by Mr. W. K. de Arcy, an Australian mining engineer, for the dining room of his house in Stanmore. Their subject matter is the quest for

Inquiry into small business loans

AN INQUIRY into a key aspect of the financial problems of small companies is being set up at the request of the Government by the National Economic Development Office.

A report is to be prepared within two months into a possible government-backed guarantee scheme for loans given by clearing banks to small companies which might be administered by a new Loan Guarantee Corporation.

The report is intended to advise the Government, and especially Mr. Harold Lever, Minister coordinating small companies' affairs, whether such a scheme would increase the amount of loans made available and on how it might work.

The inquiry is being carried out by a special working party set up by the Roll committee on company law, which acts as a "little NEDO" for the City and is run jointly by the development office and the Bank of England.

Mr. Lever said in London yesterday at a small business luncheon that he was waiting for the report from the Roll

Midlands move

There are serious reservations about whether it would generate additional business or would simply mean the Government's being saddled with the banks' problem customers.

In addition, the clearing banks have said that they are not too keen on such a direct Government involvement with their traditionally commercially-based decisions. The Bank of England also has expressed reservations.

The working party will study these issues as well as specific points put to it jointly by the Treasury and the Department of Industry. These cover whether, if there were to be a scheme, it should run entirely by the private sector, or have limited Government support when it is starting up, or whether it should be run entirely by the Government. Foreign experience in the U.S. and in Europe will be considered.

There are eight members of the working party drawn from the City, the Confederation of British Industry, the TUC and Whitehall. Its chairman is Mr. Bernard Asher, acting director-general of the development office.

The Government's counselling service for small companies has been extended to the Midlands and was inaugurated in Birmingham yesterday by Mr. Bob Cryer, Minister responsible for small companies in the Department of Industry. The service will provide 20 retired businessmen to give advice on management problems.

Leyland increases gearbox output

By Stuart Alexander

LEYLAND IS to increase substantially its output of gearboxes for lorries. A full design team is working on a plan to build a complete new range of boxes at the company's Albion plant at Scotstoun, Glasgow.

This reverses the trend of the past few years, when Leyland has steadily made fewer lorry gearboxes, and bought in from outside. It builds only about 2,500 a year at the Albion plant for a lorry production of just over 50,000.

Initial investment at Scotstoun will probably be about £10m. Production is unlikely to begin before 1981, and will form part of a general expansion of trucks and truck components for which Leyland has budgeted £50m. in Scotland.

Axle and suspension output will also be increased at the Albion plant as all truck assembly is transferred to Eastgate, between Glasgow and Edinburgh. This will help preserve the 3,000 jobs at Scotstoun.

'Profitable way'

The Leyland plan will put pressure on the Manchester transmissions division of Eaton, the U.S.-owned independent, which now supplies many of the gearboxes.

The Leyland orders take between 15 and 20 per cent. of output from the 900-man Wolsey factory, while Eaton's other gearbox plant at Basingstoke, bought from Leyland in 1972, supplies larger boxes of Leyland design.

Leyland said yesterday it was committed to producing more of its own components. "We are quite certain this is a profitable way of managing our business."

At first production would be concentrated on the smaller gearboxes, but heavier models would be introduced later. The boxes, all manual, would be for Leyland's own consumption, but eventually sales might be extended to other manufacturers.

Leyland will continue to buy major components from other manufacturers in order to offer engine, gearbox and axle options. This would give a further boost to cycling's popularity, which so far this decade had led to doubled annual sales. Inner-city traffic problems would also be eased.

The five-man team of authors, which spent 18 months looking into the problems which cyclists face in towns, decided that cycling it was a far less dangerous method of transport than official statistics implied.

Local authorities should use back streets, footpaths, lanes across open land and combined bus and cycle lanes, to construct cheap ring routes for cyclists. Bicycles should be separated as much as possible from cars, as in Holland, Sweden and Germany, but not by the two crossed junctions with special traffic lights, turning points and pens should be set up. The group expected Britain's total of 7m. bicycles to carry on rising, as fares and petrol costs increased.

Official statements that cycling was 10 times riskier than driving were fallacious, and masked the fact that it was safer on minor roads and for people over 20.

The Bicycle Planning Book—published by Open Books and Friends of the Earth—£1.95, 9 Poland Street, London, W.1.

New deal urged for cyclists in towns

Financial Times Reporter

FRIENDS of the Earth, the environmental pressure group, has called for a new deal for cyclists in towns as part of its three-year campaign to improve cycling facilities.

The group said local authorities should set up cycle networks around towns, using back streets and special junctions to give cyclists a better ride. This would give a further boost to cycling's popularity, which so far this decade had led to doubled annual sales. Inner-city traffic problems would also be eased.

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Economy may falter early next year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN INDICATION that the economic upturn should be maintained until the late autumn but may falter by early next year is tentatively provided by official figures published yesterday.

The values of the indices used for looking ahead at possible turning points in the business cycle, defined by output and employment, were published yesterday by the Central Statistical Office.

The composite indices of both shorter leading and coincident indicators rose in February, while the index of longer leading indicators fell in March, for the fifth month running. These are based on data available well before the Budget.

The index of shorter leading indicators, which rose for the fourth month in a row, has a lead time ahead of turning points in the economy of about six months on average. The recent trend, therefore, suggests that the level of output and demand in the economy should rise, at least for this period.

However, a much more cautious view of the prospects for next year is suggested by the decline since last autumn in the index of longer leading indicators which looks ahead 13 months on average.

This index is now nearly 5 per cent. below its October level and the main influences have been the rise in short-term interest rates (likely to reduce the April index) and the fall in Stock Market prices.

The other components of this index are the net financial position of industrial and commercial companies and housing starts.

The Central Statistical Office urges caution, however, in interpreting month-to-month movements, and points out that the figures are subject to revision.

But both the rise in the index of shorter leading indicators and the fall in the longer leading index are now so well-established as to reduce doubts as to the economic revival expected by many forecasters.

Peg exchange rate, say stockbrokers

BY OUR ECONOMICS CORRESPONDENT

EFFECTIVE and prompt control over the rate of growth of the money supply requires the pegging of the exchange rate at the present level, say stockbrokers Fielding Newson-Smith and Company.

A post-Budget assessment by the brokers contends that if sterling is fixed at its present level, control over the growth of the money stock can be re-established without a crisis rise in interest rates. If this occurred, yields on gilt-edged stock might not have much further to rise.

If the exchange rate was allowed to fall in response to the excessive domestic growth of credit, this would only exacerbate control of the money stock and force interest rates to levels which would attenuate economic recovery. In this event, yields could have a good deal further to rise.

The authorities appeared to be inclined to the latter approach so that there were "legitimate grounds for apprehension and continuing investor caution."

Therefore there was no

Agency forecasts upturn in general job prospects

AN UPTURN in general employment prospects, after a third of a month's lead indicator for job opportunities in general, he said.

In spite of non-publication of some newspapers, the index of managerial posts advertised showed a 7 per cent. rise to its highest point since the end of 1974.

Executive demand has normally been a third to six months' lead indicator for job opportunities in general, he said.

In spite of non-publication of some newspapers, the index of managerial posts advertised showed a 7 per cent. rise to its highest point since the end of 1974.

Students win 9.8% increase in grants

By Michael Dixon, Education Correspondent

CONCESSIONS to higher income families were announced by Mrs. Shirley Williams, Secretary for Education and Science, yesterday as part of a 9.8 per cent. rise from October in mandatory grants for students on degree-level courses.

The award would be a £120 increase to £290 in the minimum grant for students from the richest homes. Mrs. Williams said in a Commons written reply.

There would also be a £500 rise to £3,800 in the "residual income"—net of deductions for other dependants, parents' income, interest etc.—parents could have before a child's grant was reduced from the full rate in expectancy that it would be made up by a parental contribution.

The overall result would be an average reduction of about 27 per cent. in the parental contribution for each student, according to the full grant, the Education Secretary said.

For undergraduates living away from home while studying in places other than London, the full rate would increase from £1,010 to £1,190, and for their counterparts studying in London from £1,145 to £1,315.

The full rate for students living at home while studying would increase from £785 to £790.

These changes would increase the public cost of mandatory student grants by about £40m. to an estimated total of £310m. in 1978-79.

Israel bank executives for trial

THE FORMER chairman and other executives of the now defunct Israel Bank were sent for trial at the Old Bailey yesterday charged with conspiring to defraud lenders and depositors of the bank between September, 1968, and July, 1974.

The accused are: Mr. Harry Gold, the former chairman of the bank, now of 10, St. Finchley, North London; Joseph Bloomberg, of Kenilworth, Middlesex; Mr. Peter Lynn, of St. John's Wood, London; Mr. Thur Malcom White, of Woodford, East London; Mr. White, Mr. Kaye and Mr. Lynn were directors of the bank, and Mr. Lynn, an accountant.

All five were committed from the City of London Guildhall to stand trial with the former chairman, Mr. Gold, the late Mr. Isaac Gold, and Mr. Joshua Benison to fraud lenders and depositors. Mr. Landy, Mr. Kaye and Mr. White also face two charges of conspiring with Mr. Benison and Cohen to utter forged invoices, knowing them to be false, and intent to defraud.

Appeal victory for English advocaat

THE LATEST round in a long battle between drinks companies over the right to use the name "Advocaat" ended in the Court of Appeal yesterday in victory for the makers of Keeling's Old Blend, a Dutch company.

The court allowed an appeal by Townsend and Sons (Hull) and Keeling and Co. against a High Court judge's ruling last year banning them from using the name Advocaat for their egg-fortified wine drink.

Mr. Justice Goulding had decided in favour of Warnink of Holland and their U.K. distributors, The Victoria Wine Company, a subsidiary of Allied Breweries.

He held that the British public's use of the name "Advocaat" meant a drink made of egg and spirit. Keeling's Old Blend was an egg-fortified wine drink.

Warnink's started importing the drink into Britain in 1911 and was brand leader for at least 12 years before the court action was brought.

Townsend and Keeling began marketing the product in 1974 and were able to undercut Warnink's by about 50p a bottle because they used a fortified Cognac wine whereas Warnink's used a spirit. The duty rate on fortified wine was much lower than that on spirits.

Warnink's claimed that a drink could not be called advocaat unless its alcoholic content consisted of a spirit.

Mr. Justice Goulding had not found that the name advocaat was distinctive in Britain of Warnink's product or even of a class of manufacturers of which Warnink was a member.

The nearest he came to that was in finding that a large part

of the British public had come to believe that advocaat was of Dutch origin.

There was far too indefinite to establish a claim by Warnink's of "passing-off," said Lord Justice Buckley. There was no finding that advocaats of Dutch origin had, as a class, any characteristic distinguishing them from advocaat of any other origin.

Warnink could not succeed either on the ground of "passing-off" or upon any wider ground of unfair competition.

Lord Justice Goff agreed and said the name advocaat did not denote any specific kind of egg and spirit-based drink comparable, for instance, with the limited nature of the word champagne.

Sir David Cairns also agreed in allowing the appeal, with costs.

To Stockholders of



Kennecott

Copper Corporation

Important Information From Your Management

Curtiss-Wright Corporation has started a proxy contest for control of the Board of Directors of Kennecott. Their "program" is to sell Carborundum and distribute the proceeds to Kennecott's shareholders.

FIRST, YOU SHOULD KNOW

That in 1948 Mr. Berner, presently Curtiss-Wright's Chairman and President, participated in a proxy contest in an attempt to take over control of the Curtiss-Wright Board.

His Committee's campaign promise at that time was similar to the "program" Curtiss-Wright is now using to solicit votes. His Committee stated it intended that Curtiss-Wright make a special distribution—\$7 per share in cash to stockholders—or else call for tenders of one-half of the outstanding common stock at \$14 per share, out of "net current assets".

While Mr. Berner is only one of Curtiss-Wright's Directors, he has been a Director since 1949 and Chairman since 1960.

Although circumstances change, Curtiss-Wright has never paid its stockholders the promised special distribution of \$7 per share nor made the promised \$14 per share tender offer for one-half of its Common Stock. In 1965, Curtiss-Wright offered to purchase one million of its common shares (13% of the then outstanding shares) at \$32 per share, which offer was oversubscribed.

YOU SHOULD ALSO KNOW

On March 15—only eight days before Curtiss-Wright announced its "program"—Mr. Berner met with Kennecott's Chairman and its President. This is what Mr. Berner said:

- He had no specific plan for selling assets of Kennecott for distribution to Kennecott stockholders, but would have to be guided by facts to be determined by Management and the Board.
- He admitted he did not have knowledge of Kennecott's future capital expenditure requirements.
- He admitted he did not have enough information to determine the value of Kennecott's components.
- He admitted he did not have the information to determine what really was in the best interests of Kennecott stockholders.

AND, FINALLY, YOU SHOULD KNOW

That all the information relating to Kennecott needed to determine the feasibility of any such plan is publicly available. This includes the information which Mr. Berner and his slate have ignored. Based on this information, your Board believes that Curtiss-Wright's "program" is misconceived, completely unrealistic and not in your best interests. In fact, your Board of Directors believes that to adopt any such "program" would be reckless and would seriously jeopardize Kennecott's stockholders, its public debenture holders and Kennecott itself. If Mr. Berner's "program" were to be implemented at this time Kennecott would then have virtually no current earnings, a negative cash flow from its remaining operations, over \$600 million in indebtedness* and a net worth reduced by more than \$600 million—and all this at a time when the copper industry continues to be affected by extremely adverse conditions.

*On the assumption Carborundum is sold for its purchase price and the difference between that and the distribution is met by borrowing.

IMPORTANT: If your Kennecott stock is held in the name of a bank, broker or nominee, only they can execute a proxy on your behalf. To assure that your shares are represented at the Annual Meeting in favor of Management, we urge you to telephone the party responsible for your account and direct him to execute a BLUE proxy on your behalf.

For proxy material or additional information, contact your bank, investment advisor or the nearest Kennecott office or telephone Mr. Raymond E. Corti, 1, Place Saint Gervais, 1501 Geneva, Switzerland, telephone 31-73-72 (collect).

Thank you.

ON BEHALF OF THE BOARD OF DIRECTORS

Sincerely,

W. H. Wendel
WILLIAM H. WENDEL
President

Frank R. Milliken
FRANK R. MILLIKEN
Chairman

April 19, 1978

KENNECOTT COPPER CORPORATION • 161 East 42nd Street, New York, New York 10017

PARLIAMENT AND POLITICS

Two devolution defeats for Government

MPs back 40% Welsh 'yes' vote

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT suffered its first defeat on the Welsh devolution legislation last night when, by a substantial majority of 27 (258-231), MPs threw out an important clause which empowers the Welsh Secretary to name a date on which the Bill comes into effect.

The surprise vote was the result of an ambush by the Welsh Nationalists who received large scale support from other parts of the House in rejecting the "trigger" clause.

The result threw the Government into confusion and the Ministers concerned with devolution were looking into the matter to consider its implications for the future of the Wales Bill.

The reasons for the Welsh Nationalist move was somewhat obscure but Mr. Dafydd Wigley (Plaid Cymru, Caerdydd) told the House that the clause "leaves the situation of the dating of a referendum in a most unsatisfactory position."

The Government also suffered another setback when, by a majority of 73 (280-208), the House approved a Labour-backed amendment stipulating that the Welsh devolution proposals must be accepted by at least 40 per cent of the Welsh electorate if they are to become law.

The amendment was opposed by the Government, the Welsh and Scottish Nationalists and the Liberals. But the Conservatives and some Labour anti-devolutionists voted for it.

MPs were unable to speak on the 40 per cent amendment by the time the guillotine fell at 11 p.m. But the Government nevertheless allowed a vote on it.

The debate ended amid angry exchanges with Labour MPs demanding to know what Mr. Gwynfor Evans, the Plaid Cymru leader, hoped to gain by "this filibuster." Nationalist MPs had been speaking on a series of amendments at considerable length throughout the evening.

Mr. Evans told them: "We look forward to a full Government with full national freedom. We want to ensure for this nation a national future."

A similar 40 per cent amendment was inserted in the Scottish devolution legislation last January by a majority of 15, despite Government opposition.

Last night, the Welsh anti-devolutionists were annoyed because the Government had not



Mr. Leo Abse... "attempt to smother views."

made it known until the last minute whether the amendment on the 40 per cent could be debated or voted on.

Mr. John Smith, Minister in charge of devolution, told the House there would be an opportunity to vote on the amendment later in the night.

He also hoped there would be a chance to debate it, although other amendments were in front of it.

Peer seeks to limit size of Scottish executive

THE NUMBER of Scottish secretaries in the Scottish Executive to be established under the Scotland Bill should be limited to seven, including the First Secretary, Lord Drumalbyn (C.), suggested in the Lords yesterday.

Lord Mackie (L.) said he thought the matter should be left to the Scottish Assembly. If the assembly could not decide on this, it would not be capable of governing Scotland.

A former Scottish Secretary of State, Lord Glenkings (C.) said there should be a fixed number. There was always a tremendous temptation when setting up a new body to say there should be the largest possible number of people.

But, he added, the Government was recommending that the House did not accept the provision.

This brought an attack from Mr. Leo Abse (Lab., Pontypool), the leading Welsh anti-devolutionist, who was one of the sponsors of the amendment.

He claimed that because the Government had only given belated notice of its intentions, many MPs who had wanted to debate the matter would not be present in the House.

The Government, he charged, had hoped by means of this rise to smother the views of the House "by stealth." It was "trying to frustrate the genuine view of the House and the views of the people of Wales."

There should be an open debate on the matter and MPs should "not be tricked" into being absent.

But the fact that there was to be a vote intensely annoyed the Welsh Nationalists. They saw this as evidence of the Government's lukewarm support for devolution.

Mr. Dafydd Thomas (Plaid Cymru, Merioneth) complained that the Government was giving an opportunity for a division although substantial objections had been raised to the 40 per cent amendment.

"We certainly would not accept any argument in favour of this kind of clause being introduced into the Bill," he added.

Government spokesman Baroness Stedman said Lord Drumalbyn's proposal would impose an "unwelcome and unjustified rigidity" on the assembly.

It was not necessary for Westminster to make detailed provisions for matters which could be sorted out by the assembly.

"This would be viewed as apron strings fashioned by a Parliament in Westminster distrustful of a First Secretary nominated by the assembly elected by the people," she said.

Conservative spokesman Lord Campbell of Croy said that imposing no limit on the number of secretaries was like giving the assembly a blank cheque.

More Ulster MPs after next election

BY IVOR OWEN, PARLIAMENTARY STAFF

ALTHOUGH supported from both sides of the Commons, the recommendation by the all-party Speaker's Conference that Northern Ireland should have increased representation at Westminster will not be implemented until after the next general election.

This was made clear by the Prime Minister in the Commons last night when he caused considerable surprise by indicating that the legislation paving the way for the number of Ulster MPs to be increased from 12 to a minimum of 16 or a maximum of 18 is unlikely to be introduced before the next Parliamentary session.

He stressed that irrespective of the date of the enactment of the legislation, the time needed by the Parliamentary Boundary Commission for Northern Ireland to fix the new constituency boundaries was such that the next general election would have to take place on the existing basis.

In welcoming the Government's acceptance of the Speaker's Conference recommendation, Mrs. Margaret Thatcher, Opposition leader, pledged support for the Bill and promised that Conservative MPs would do their best to ensure its speedy passage.

In these circumstances, she asked, why could not the Bill, certain to be a short measure and probably consisting of no more than two clauses, be introduced in the current session and passed into law before the summer recess?

Mr. Callaghan seized this opportunity to add a new ingredient to the speculation that he intends to call a general election this year by insisting that Parliament already had a lot of work before it and that there was "another full session ahead."

Having thus implied that the Liberal MPs have decided to avoid an early confrontation with the Government over the Finance Bill implementing the Budget proposals, despite their continuing dissatisfaction with the range of proposed tax cuts.

No firm decisions over what action to take on the Bill were reached at a meeting of the party's 15 MPs last night and Mr. John Pardon, economic spokesman, was authorised to continue negotiations with Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Joel Barnett, Chief Secretary to the Treasury.

The party's policy will be to continue to push for tax cuts in three possible areas—a reduction in the standard rate from 34p, broadening the 25 per cent, lower band or giving greater reductions to higher taxpayers. The first two alternatives seem certain to

be rejected by the Government on cost grounds.

But to the relief of Ministers, there is no sign of a common front forming between the Conservatives and the Liberals to defeat the Government on its tax proposals during the committee stage of the Finance Bill next month.

Tory aims are very similar. But neither side wants the other to grab the credit.

An example came last night in a speech at the Wycombe by-election by Sir Geoffrey Howe, shadow Chancellor, when he accused the Liberals of talking moonshine over the Budget.

"They are cruelly deceiving themselves and the electorate with all their self-inflicting talk about the extent of their influence on the Parliamentary scene," he declared.

Home Office studies 'over-staying' in U.K.

THE Home Office's immigration and nationality division is working on a study, which it hopes to complete by this autumn, to pin down the extent of "over-staying"—the practice whereby entrants to the U.K. stay on illegally after the expiry of their permits.

This was disclosed by officials of the Department in evidence yesterday to the Commons Select Committee on Race Relations and Immigration, which highlighted the problem in its recent controversial report calling for further curbs on the inflow of migrants.

Whether the findings are published depends on the Home Secretary. At present, no really reliable statistics on "over-staying" are available despite the check kept by the immigration card system on the 10m. visitors to Britain every year.

A separate Home Office memorandum submitted to the committee yesterday argues that Britain's membership of the EEC will have little impact on the Government's immigration policies. Nonetheless, the U.K. is determined to ensure that no Community decisions undermine its freedom of action in implementing racial equality in this country.

According to the latest statistics 5.3m. EEC nationals were admitted to the U.K. in 1977, a rise of 18 per cent on the year before. But the number of resident's permits issued fell to 6,633 the fourth consecutive drop since 1974.

operation on April 29 this year and most airports had already taken it into account in fixing their landing charges, Lady Stedman added.

Baroness Burton of Coventry (Lab.) complained that the Government was taxing a section of the community which was at risk from terrorist attacks.

"I maintain it is a function of Government and the State to provide protection against such threats," she declared.

Pressure to see mercenaries

PRESSURE WILL continue to be put on the Angolan Government for permission to see British mercenaries imprisoned in Angola, Mr. Ted Rowlands, Minister of State, Foreign Office, said in a Commons written reply yesterday.

He said the British charge d'affaires in Luanda had made continuous representations to see

election could be delayed until the autumn of 1979, the Prime Minister then added that it was still possible that the Bill might be introduced in the current session.

"If not this session, next session," he told Tory MPs, with obvious enjoyment as they showed signs of increasing irritation over his election tease.

Mr. James Moynihan, leader of the Ulster Unionists promised support for the Government in remedying an electoral injustice which had existed in Northern Ireland since 1920.

When he urged that there should be no delay in carrying the legislation, the Prime Minister assured him that the Government would get the Bill to the Statute Book.

Mr. David Steel, Liberal leader, also supported increased representation for Northern Ireland but received no encouragement from the Prime Minister when he suggested that the task of the Boundary Commission in providing for the additional seats could be speeded by the introduction of proportional representation.

A bitter attack on the extra seats for Ulster came from Mr. Kevin McNamara (Lab., Hull Cent.) and Mr. Gerry Fitt (SDLP, Belfast W.).

Both argued that increased representation in the Commons for Ulster would conflict with the 1920 settlement and Mr. Fitt warned that it was a development which would increase the determination of the "Loyalists" to sabotage power sharing.

The Prime Minister replied that the only course open to the Government had been to accept the recommendation made by the Speaker's Conference. To have overruled a recommendation, which had such overwhelming support, would have been "very improper."

Liberals steer clear of Budget clash

BY RICHARD EVANS, LOBBY EDITOR

LIBERAL MPs have decided to avoid an early confrontation with the Government over the Finance Bill implementing the Budget proposals, despite their continuing dissatisfaction with the range of proposed tax cuts.

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LABOUR NEWS

Rover management by-passes foremen

BY PETER CARTWRIGHT

ROVER management at Solihull is to ignore a strike by its 400 foremen and try to get the 8,000 labour force to resume production to-day without them.

The Leyland plant, which produces Land-Rovers, Range-Rovers and saloons worth more than £12m a week, has been at a standstill for the last two days.

The foremen are supporting 25 men in the paint department who walked out after objecting to continuous working during meal and other breaks.

The system has been operating this year as an alternative to extra shifts, which the men rejected because it would interfere with their sex lives.

Continuous working has raised output of saloons from about 900 to at least 1,400 a week.

The main union, the Association of Scientific, Technical and Managerial Staffs, has been trying to arrange a resumption to allow talks with management to continue. The company has promised a monthly review of the situation.

The foremen are meeting again tomorrow to decide their

next step. Their action has dashed Rover's hopes of getting the £250m. provisionally allocated by the National Enterprise Board, to double output of saloons and cross-country vehicles.

Mr. Michael Edwards, British Leyland's chairman, has said that there must be a "prior commitment to productivity improvements. The Rover workforce is now the only one not to have accepted participation on the Cars Council through which Mr. Edwards believes better efficiency can most easily be achieved."

Mediation move in building Board row

By Nick Garnett, Labour Staff

THE ADVISORY, Conciliation and Arbitration Service is expected to mediate on a pay dispute involving administrative and training staff at the Construction Industry Training Board.

Members of the Association of Scientific, Technical and Managerial Staffs at the Board's headquarters and regional offices have been working to rule.

The Association of Professional, Executive, Clerical and Computer Staff has also been involved in protest action.

The employers have offered a deal worth 9.3 per cent to the 700 staff covered by the agreement. More than 3.5 per cent of the offer is already taken up by a new grading system, higher incremental payments and new overtime rates from January.

The unions say the employers could offer considerably more within pay policy. They have also been annoyed by delays in the offer. First talks took place earlier this month, although the settlement date is January.

The employers say the offer was formulated in October but given Department of Employment approval only last month.

Pay talks for 700,000 building workers are expected to resume to-day.

The employers have made an offer of 10 per cent, but there appears some leeway for improvement on sick pay, for some form of commitment to a fourth week's holiday, and for a reshuffling of the offer's main pay elements.

The Transport and General Workers' Union said yesterday that it would still press hard for a 35-hour week.

Its officials have been given a mandate to call for one-day stoppages on selected sites if the present offer is not substantially increased.

Authors apply to become trade union

By Anthony Curtis

THE SOCIETY of Authors has applied to become a trade union after a ballot of its 3,000 members.

Nearly 70 per cent of the vote favoured the application. The society's council and committee of management, which includes authors William Trevor, John Bowen, Nina Bayden and Peter Dickinson, decided that the result, from a 65 per cent ballot, was a clear mandate to apply for trade union status.

Mr. Brian Aldiss, chairman, said that the society would not necessarily become affiliated to the TUC.

The society is negotiating with State-funded employers such as the BBC and the National Theatre over minimum fees for work performed.

Notts. miners' incentive plan

REPRESENTATIVES of Nottinghamshire's 34,000 miners have put 24 proposals to the Coal Board for improvements in the incentive scheme.

Mr. Joe Whelan, secretary of the Notts branch of the National Union of Mineworkers, said: "We are seeking to make the scheme more beneficial to miners, but the board says it has to make the scheme self-financing."

"It has certainly brought extra money to miners, although we have been told that the Board feels it is not getting revenue it had hoped for from the scheme."

Crane row talks

TALKS ARE to be held to-day in a bid to settle a strike by 100 crane drivers at the Coal Board, which has led to 800 workers being laid off and production halted at the S. H. Lloyd steelworks in Wednesbury, West Midlands.

Wages threat

PEACE TALKS are to be held to-day to try to settle a dispute over staff recognition which threatens to delay the payment of wages to more than 1,000 Wolverhampton factory workers.

Postal union agrees to accept 10% earnings increase

BY CHRISTIAN TYLER, LABOUR EDITOR

POST OFFICE workers have voted by nearly four to one to accept a 10 per cent rise in earnings after hanging back for months to see how other public sector workers would fare under the Government's pay guidelines.

Members of the Union of Post Office Workers voted by 15,666 to 4,037 for a deal which will be backdated to January 1 and raise the average postman's rate to more than £56 a week. The union has 200,000 members.

Mr. Tom Jackson, general secretary, said that the deal was worth between 10.2 and 14.1 per cent on basic pay.

Because there was no consolidation of previous pay policy supplements, workers on nights and shifts were still not being properly rewarded. Consolidation would have eaten up half of the 10 per cent rise.

There was a severe recruitment problem—greater even than that in the Armed Services.

TUC urges 'all help' for hotel strikers

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TUC called yesterday on all number of employers were negotiating with them.

But there are still too many hotel and catering employers who treat and pay their staff deplorably. It is time that they accepted the semi-fundamental conditions which still exist in many parts of the industry."

Claridge's later attacked Mr. Murray's statement as "provocative and inaccurate. The dispute was 'over the right of a union, which represents a small minority of the staff, many only recently engaged, to negotiate conditions for the whole staff, that in the last few years the majority of whom do not belong to that union and have the hotel and catering industry taken no part in the present stoppage."

Redundant steel works 'unlikely to be viable'

BY JOHN LLOYD

IT AS unlikely that steel works made redundant by the British Steel Corporation could be made viable by private companies, Sir Charles Villiers, a corporation chairman, said last night.

Sir Charles told a private meeting of the parliamentary meeting of the parliamentary

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Pay the cure, police say

THERE was nothing wrong with the police service which a fair pay award could not put right, the Police Superintendents' Association told Lord Edmund Davies's committee on pay and conditions yesterday.

The executives of the three associations—England and

Wales, Scotland and Northern Ireland—held a joint meeting at Peabody, Scotland, and discussed the evidence submitted to the committee. Chief Superintendent John Keyte, national secretary, said: "Time is running out and an early report is desperately needed."

Left-winger to lead journalists' union

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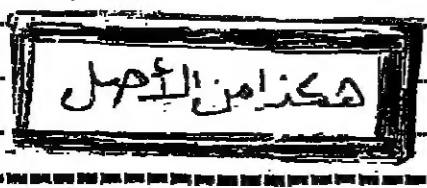
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Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 37874



A member of the P.A. Group

Group Administration Manager

Central Cheshire

£7,000 + car

A medium-sized plastics group, well-established in its traditional markets, has recently acquired a major subsidiary. Responsibilities at HQ are being reorganised and this new post has been defined. It will embrace all Group administrative functions, including legal, insurance, statutory requirements, property matters, pension scheme development, HQ support, staff recruitment, senior executive remuneration appraisal and involvement in future Group plans.

The position is open to men or women in their early 30's with A.C.I.S. qualification, and preferably a degree, who are already experienced in at least some of these functions at unit or corporate level. Relocation assistance will be given where appropriate.

Apply for an application form, quoting ref. P.66, to ERP International Recruitment Limited, Clearence House, St. Werburgh Street, Chester CH1 2DY. Telephone 0244 317886 (Answerphone after 5.00 pm).

Offices in London, Chester, Jeddah, Amsterdam, Brussels, Milan, Paris.

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession.

CREDIT ANALYSTS

£5,500-£8,000

We are currently handling a number of Credit Analyst vacancies with merchant and international banks. At least one year's experience is required for more junior positions. Candidates with American-bank training would be particularly suitable for the more senior positions. Contact: David Grove

LOAN ADMINISTRATION

c. £4,500

International bank with expanding Corporate Portfolio seeks experienced loan administration clerk. Experience in handling syndicated loans would be very useful. Candidates should be in their mid-twenties and be currently with an international bank. Contact: David Grove

MONEY BROKERS: Prominent money brokers seek to fill the following vacancies:-

1. An experienced Foreign Exchange Broker with working knowledge of French and/or German. Salary c. £10,000

2. Experienced Interbank Dealer. Salary negotiable Contact: Mike Pope

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Group Financial Controller

Aged 35 plus with Board level potential
London, W.1. £10,000 plus car

This is a key position within a successful £50m plus turnover public engineering group. The successful candidate will be responsible to the Finance Director for total control and co-ordination of the group accounting function, including long and short term planning, management information, cash and asset control, statutory accounting and the development of computerised

systems. The position entails close involvement with around ten U.K. operating companies and some overseas subsidiaries. Candidates will be qualified accountants with industrial experience operating at company and group level in a manufacturing industry, and they must have the potential for a Board appointment within three years.

J.A.T. Bowers, Ref: 21122/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE AND SHEFFIELD.

INTERNATIONAL ACCOUNTANT

For the London office of a leading firm of Chartered Accountants, a young accountant of two quality years. A foreign language and previous experience useful. Some travelling in Europe.

INTERNATIONAL AUDITORS

Based in London these exciting positions offer scope for young and ambitious accountants who enjoy travelling and trouble-shooting.

HOTEL CONTROLLER

A well-known prestigious hotel group within easy reach of central London seeks career oriented young accountant to be a vital part of this exciting, fast-moving world.

BANKER/ACCOUNTANT

A leading merchant banking group urgently requires a qualified accountant (25/27) to advise management and take charge of subsidiary company accounts.

Stephens Selection

35 Dover Street, London W1X 2RA. 01-483 0817

Recruitment Consultants

Assistant Branch Managers

An overseas bank, established in the UK for fifteen years, is extending its retail banking operations by the formation of two additional branches in the West End of London. The successful candidate will assist the respective Managers in all aspects of the branches' business.

Applicants, aged up to 55, must have thorough experience of the UK retail banking system; some overseas experience would be an advantage.

Salary not less than £6,500. Non-contributory pension.

Please send relevant details - in confidence - to P. Hook ref. B.26373.

This appointment is open to men and women.

MSL Management Consultants

Management Selection Limited
17 Stratton Street London W1X 6DB

Foreign Exchange Dealers

Merchant Banking

A member of the Accepting Houses Committee is seeking to engage a dealer with approximately 5 years' experience in foreign exchange and a sound knowledge of deposit dealing.

The position will provide opportunity to participate broadly in the business of one of the most internationally active of London's merchant banks, particularly in the provision of specialist advice to commercial clients.

Candidates should ideally be in their mid 20's. An attractive salary would be supplemented by the usual benefits and there are excellent prospects for advancement.

There is also a vacancy for a more junior candidate with dealing experience of 2 to 3 years.

Please telephone (01-629 1844 at any time) or write, in the first instance - in confidence - to J. M. Ward ref. B.7992.

These appointments are open to men and women.

MSL Management Consultants

Management Selection Limited
17 Stratton Street London W1X 6DB

CHIEF ACCOUNTANT

Up to £9,000 + car
Telford, Salop.

Cinzano (UK) Ltd. is a subsidiary of Cinzano Internationale S.A. and is engaged in shipping, bottling and marketing wines in the U.K. The company seeks a Chief Accountant to be based at Telford, Salop.

The Chief Accountant will report to the Group Financial Controller and will be responsible for preparing budgets, management accounts and financial accounts, and for producing costing and other management information. He/she will also be responsible for the day-to-day running of the accounts department. A computerised accounting system is in operation.

Applicants must be qualified accountants with sound experience in industry or commerce. Salary will be negotiable up to £9,000 p.a. + car.

Please write or telephone for an application form, quoting ref. 923 to W.L. Tait, Touche Ross & Co. Management Consultants, 4 London Wall Buildings, London EC2M 5JL. Tel: 01-588 6844.



CINZANO

Mr. Chairman

We have a challenging opportunity for a dynamic personality, about 45, who has a successful background in senior management and who can deal with and negotiate at the very highest levels of business and industry.

We are a successful, performance-oriented company and leaders in our business. What we have to offer, however, is not for social climbers or title-worshippers.

If interested, please write to us, enclosing a curriculum vitae, salary requirements, photo, together with a letter about how your personal qualifications might be of value to us in dealing with large firms.

Write Box F.1010, Financial Times, 10, Cannon Street, EC4P 4BY.

CHIEF DEALER

(Age About 30 years)

CURRENT EXPERIENCE EXCHANGES AND DEPOSITS

Resident Required for Gulf area; initial contract 3 years.

Very attractive tax-free salary. Free accommodation, furnishing allowance, car and running expenses. 6 weeks leave p.a. including one free return air ticket including dependants.

Please apply: "Confidential"
Cedric Martens, Daxington Limited,
49/51 Bow Lane, London, E.C.4.
(Tel: 01-236 7974)

Assistant Company Secretary

c. £7,000

Our client, a major retail group with interests nationwide, is looking for a man or woman of exceptional ability to assist the Company Secretary and to undertake a wide range of responsibilities.

Preferably a member of the Institute of Chartered Secretaries and Administrators, you should have a flair for organisation and administration, coupled with the initiative to deputise for the Company Secretary when required.

If you have a proven record of success, this challenging post, which offers excellent career prospects, will give you the opportunity to employ your skills within a progressive and go-ahead company. An excellent starting salary will be supported by all the benefits you would expect from a major organisation.

Please write with full career details and in the strictest confidence to Mark Webster at the address below, quoting reference ACS/237/FT. List separately any companies to which your application should not be forwarded. All replies will be acknowledged.

B&B

CONFIDENTIAL REPLY SERVICE
Benton & Bowles Recruitment Limited,
197 Knightsbridge, London SW7.

Company Secretary

C. London

c. £7,000

Our clients are a substantial sub-group of a leading British Foods Group. As a result of a recent reorganisation it has been identified that a qualified Chartered Secretary, probably aged 30-40, is required at the head office.

The emphasis of the position will be upon providing full Secretarial and Administrative services to the company and its subsidiaries and to ensure that all statutory requirements are fulfilled. A background within a large group with experience in all aspects of commercial insurance and legal matters would be ideal.

Contact John P. Sleight, ACCA on 01-405 3499
quoting reference JS1265/CSF.

Lloyd Management

125 High Holborn London WC1V 6QA

Recruitment Consultancy

ERP
INTERNATIONAL

We are a growing independent and highly successful search and selection consultancy now in our fifth year. Our clients include many British and International companies with whom we have made our name through personal and detailed service. We intend to expand our operations at home and overseas steadily and therefore seek additional principals capable of developing our Company and selling our service, who expect a share in the prosperity it produces.

If you feel this interesting but demanding way of life is the career move you should now make, write to J. Hamilton Howatt, Chairman of the Company, telling him why he should consider you as a potential colleague.

ERP International Recruitment Limited, Clemence House, St Werburgh Street, Chester CH1 2DT. Telephone 0244 37886. Please quote Ref. C.184.

Offices in London, Chester, Jeddah, Amsterdam, Brussels, Milan, Paris.

COMMODITIES

Commodities Trading Management

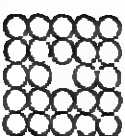
London c. £12,000

A highly respected international Group proposes to appoint a Deputy Director for the Commodity Trading Division of their U.K. organisation based in the City.

Primarily, but not exclusively, dealing in soft commodities on the London markets, they intend to substantially expand their operations. If you are a trader with proven management ability whose experience has been gained in multi commodity trading with a large organisation, and can play a major part in developing the business the career potential of this appointment is outstanding.

Ability and reputation are more important than age but ideally you will be in your 40's. In addition to salary the job provides a car and other normal large company benefits.

The appointment is open to men and women.



Contact: Sir John Tralawny, Bt.
Plumley/Endicott & Associates Limited,
Management Selection Consultants,
Premier House, 150 Southampton Row,
London WC1B 5AL. Tel: 01-278 3117

مكاتبنا في لندن

TOUCHE, REMNANT & Co. PORTFOLIO RESEARCH ASSISTANTS

Mid 20's LONDON

Touche, Remnant & Co. provide investment management and secretarial services to a group of investment trust companies and pension funds. Total funds currently under management exceed £700m.

They are looking for experienced people to fill a dual role by assisting in the management of specific portfolios AND in the reviewing of investments in certain geographical and industrial areas.

Applicants should have a degree or professional qualification and between two and four years experience in relevant investment work.

A highly competitive salary will be offered.

Please write or telephone for an application form, quoting ref. 822/85.

W. L. Tait,
Touche, Remnant & Co., Management Consultants,
4 London Wall Buildings, London, EC2M 5JL,
Tel: 01-588 6844.



We are expanding our coffee operations and are looking for a fully qualified

Senior Coffee Trader

who has a solid background in all aspects of the coffee business. The successful candidate, aged 28-35, could expect, within a short time, to take on full responsibility for our coffee operations.

Salary and benefits are negotiable, based on experience and qualifications.

VOLKART

Phone or write to:

H. P. Josiger,
Managing Director,
Volkart Brothers (U.K.) Limited,
Plantation House,
5/8, Mincing Lane,
London EC3M 3LD.

Tel: 623-9624.

Reed Executive

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Recently Qualified Opportunities to £8,000

Young Accounting Manager

N.E. Essex

This autonomous subsidiary of an American group manufactures medical products for a world market. Function will be to produce future plans to ensure continued profitable expansion. Career prospects here and in the States are good. Ref: 9821/FT, London

Internal Computer Auditor

Central London

The largest organisation in private medical insurance is to recruit a senior auditor with EDP skills to review internal control systems and develop computer audit programmes. Benefits include mortgage subsidy. Ref: 9822/FT, London.

Management Accountant

West London

A market leader in its field requires an experienced accountant to control the production accounting systems. Main responsibilities will be to control standard costings, carry out variance investigations and monitor wages department. Ref: 9881/FT, London.

Brewery Group

Central London

Most of us only know the brewing industry as end users. This is an opportunity to get behind the scenes and use your financial experience and knowledge in helping to ensure your plant earns a satisfactory return. Ref: 9845/FT, London.

Head of Finance

London West End

A qualified accountant, with commercial experience and staff management ability, is required for this international organisation concerned with world environmental problems. Job is to control financial accounts function, liaising with overseas offices. Foreign travel and career prospects are good. Ref: 9398/FT, London.

Young Financial Accountant

N.W. Middlesex

This excellent career step for a young accountant is in a major distributor of engineering products. Reporting at Board level duties include preparation of annual accounts, cash forecasting and control, budgets, reviews etc. Ref: 9818/FT, London.

Early Promotion Prospects

City Financial Services Group

We know this highly successful international group really do implement their early promotion promises. The Chief Accountant of a fast growing subsidiary needs someone to assist him and learn about the business before moving up in the group. Ref: 9847/FT, London

Food Industry

S.E. London

Here you will report to the Financial Director and assist him in developing improved accounting systems and financial control. You should merit the appointment to Chief Accountant in 1979. Ref: 9588/FT, London.

Telephone appropriate office quoting reference number

London Tel 01-638 1707 (24 hr. service) Reed Executive Selection Ltd., 55-58 St. Martin's Lane, London WC2N 4EA.

Birmingham Tel 021-643 7226 (24 hr. service) Reed Executive Selection Ltd., 8th Floor, The Rotunda, Birmingham B2 4PB.

Manchester Tel 061-632 6831 (24 hr. service) Reed Executive Selection Ltd., 15 Piccadilly, Manchester M1 1LT.

Leeds Tel 0532 489181 (24 hr. service) Reed Executive Selection Ltd., 24-28 Lands Lane, Leeds LS1 8LB.

For other opportunities in Permanent or Temporary work please contact your nearest office

INSURABLE INTEREST?

£6,000-£8,000

Endow your future by making use of your knowledge of the insurance sector by joining an expanding specialist firm in a sales capacity or as an Analyst.

WHY NOT CHEMICALS?

£5,000-£7,000

Combine your degree, 1-3 years' industrial experience, and interest in knowledge of the chemical industry to secure an excellent future as a specialist Analyst.

OIL THE WHEELS!

to c.£8,000

Utilise your analytical skills, knowledge of the motor and marketing ability to further develop reputable firm's coverage of the sector.

INSTITUTIONAL SALES

to c.£8,000

Market your research background and potential sales ability to join one of the largest well-known firms.

Stephens Selection

25 Dover Street, London W1X 3BA, 01-497 0617

RECRUITMENT CONSULTANTS

APPOINTMENTS

ADVERTISEMENT RATE £14 PER SINGLE COLUMN CENTIMETRE

هكزامن العمل

F/X Dealers

Prominent American Bank

Our Client is the London Branch of a prominent American bank currently expanding in the City and Overseas.

To meet the bank's expansion plans, two experienced dealers are required, essentially aged 24-28 years with a minimum of three years' active dealing experience. Both positions call for a certain flexibility of approach and the ability to work well in a team environment.

These represent most attractive opportunities to augment your dealing expertise with a developing organisation and, in addition, there is scope for a period of service in the U.S.A. and/or the Far East.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside London EC2 3Telephone: 01-248 3812/3,4/5

Potential Finance Controller

Under 35

London, c. £9,500 + car

Our client, the UK subsidiary of one of the world's largest corporations in the music entertainment and consumer goods industries, has grown dramatically over the past 5 years to a turnover of £60M with a remarkable profit performance. Because of promotion, an accountant of the highest potential is now required to take responsibility for a small department whose

far reaching role encompasses the examination and evaluation of management and financial control systems essential for achievement of company policies and objectives. E.D.P. is well developed. Candidates, 28-35 and qualified accountants, must have gained relevant experience within a fast-moving commercial environment.

G.E. Forester, Ref: 18147/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:

LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, and SHEFFIELD.

FIRST CLASS OPPORTUNITIES

available to qualified students and experienced accounting personnel Contact A. J. Moore on 01-428 2691



McKinsey & Company Financial Analyst

McKinsey & Company is an international management consulting firm involved in solving top management problems for leading organisations in the private and public sector.

There is now a vacancy in the research department of our Amsterdam office for an experienced Financial Analyst to assist small teams of consultants on specific client studies. He or she will have developed an ability to use sophisticated techniques to analyse corporate financial data in a conclusion- and result-oriented environment. Familiarity with economic analysis through exposure to banking and/or government institutions would be an asset, as would an ability to work to tight deadlines. The candidate would need the professional and personal flexibility to provide guidance and support in the general research area of the department but, above all, would be expected to contribute significantly to our financial and banking consulting practice in the Netherlands and Belgium.

The successful candidate will meet the following requirements:

- Good, advanced degree in business, economics, mathematics or science (MBA-type preferred).
- Several years experience in advanced financial research in a corporation, management accounting firm or merchant bank.
- Dutch nationality preferred but consideration will be given to non-Dutch candidates willing to relocate to Amsterdam and learn the Dutch language. Fluent English is necessary in view of the international character of our firm.
- Age under 30.

Qualified candidates are requested to submit, in confidence, a detailed curriculum vitae in support of their application to:

Mr. Malcolm Campbell
McKinsey & Company
Amstel 344, Amsterdam
The Netherlands

TAXATION MANAGER

LONDON

£10,000-£12,000 p.a.

The City office of a firm of Chartered Accountants requires an additional Tax Manager. The position requires a thorough knowledge of corporate and personal taxation and it is unlikely that someone with less than five years' experience will be able to undertake this demanding job.

The position will involve the supervision of the firm's company tax department and assisting the tax partner with special work relating to individual companies and partnerships. In addition to a generous salary we offer four weeks' holiday, usual benefits and prospects of advancement. Please write to Box A.6332, Financial Times, 10, Cannon Street, EC4P 4BY. All replies will be treated in the strictest confidence.

CLERK/BANKING ASSISTANT

required for small expanding banking concern, ultra modern offices, Holborn. Salary £3,500 L.V's. Write Box A.6331, Financial Times, 10, Cannon Street, EC4P 4BY.

EUROPEAN ANALYST

Leading Paris Broking House

wishes to appoint a London-based Analyst to develop U.K. interest in French Equities

Suitable candidate must speak French fluently and have some idea of French institutional thinking

Initial interview conducted in London

Please reply in strictest confidence to: Box A.6334, Financial Times, 10, Cannon Street, EC4P 4BY.

LEASE and FINANCIAL

Services company requires a person with experience of Industrial Leasing. If you feel that you are capable of taking a managerial position with the opportunity of a directorship please for an informal talk 01-222 6405.

VERY PROFITABLE HIRE COMPANY

requires assistant to the Managing Director. Responsibilities will include both investigation of possible acquisition and actual setting up of new branches with their continued management. Phone or write to the M.D. J. F. MAWE POWERTECH Broader House, 1, Renslow Road, London W9 3AA. Tel: 01-447 3344

LEADING FIRM OF LLOYDS BROKERS

is planning to set up a substantial mid-western surplus line agency for which it wishes to employ a Lloyds broker between the age of 35 and 45 with considerable North American production and broking experience. The position requires a minimum of three years' residence in the United States. Terms of employment to be negotiated. Please write Box A.6333, Financial Times, 10, Cannon Street, EC4P 4BY.

Stockbroking

Trainee Financial Analyst

c.£3000+bonus

Our client, a well-known medium sized firm of Stockbrokers, seek a trainee to join one of its specialist teams. The position will involve assisting with the analysis of company accounts, preparing economic and financial statistics and becoming responsible for the research coverage of a small group of companies. Applicants, aged 20-33, should have a degree or other professional qualification and good written ability. Please contact F.J. Stephens.

Stephens Selection

25 Dover Street, London W1X 3BA. 01-497 0617

Recruitment Consultants

FOREIGN EXCHANGE DEALERS

A major international bank wishing to expand its dealing activities is seeking two foreign exchange dealers with a minimum of three years' experience, preferably in exchange and deposits. The ideal candidates will be between 24 and 28 years of age and presently earning up to £8,000 per annum.

LOANS ADMINISTRATION

A leading North American bank is looking for two people experienced in loan administration work. For the more senior of the two positions the experience should be as varied as possible, including rollovers, draw-downs and documentation. Age: 22-30. Salary: Up to £6,000.

TRAINEE ACCOUNT OFFICER

A young person, preferably with a degree, is being sought by the subsidiary of a large U.S. bank to do research and marketing support work for account officers. Excellent prospects for someone in their mid to late twenties. Salary will be around £6,000.

These positions are open to male or female applicants.

BSB Banking Appointments

131-133 Cannon Street, London EC4N 3AX. Telephone 01-623 7317 & 01-623 9161

(Recruitment Consultants)

European Finance

London W1 £9,000+car

Our client, a major North American company, with substantial investments in Europe requires a young accountant to join its small European management team. This is a new job and a fine opportunity to be associated with an expanding European operation.

Responsibility will be to the senior financial officer for financial and administrative surveillance of the company's European subsidiaries. He/she will be on profit performance.

Candidates must be qualified and ideally have some commercial experience and knowledge of current USA reporting requirements. Fluency in a European language preferably German or Italian would be a distinct advantage.

Based in London the job offers the opportunity of extensive travel within Europe. Salary £9,000 plus car. Excellent benefits and career prospects.

Please write in confidence to David Prosser, Price Waterhouse Associates, Southwark over 23 London Bridge Street, London SE1 8SY, quoting MCS/3880, who will acknowledge receipt of the letter and forward it to the client. List separately any company to which you do not wish your letter to be sent.

Credit Analyst

£5,000-£6,000+

A foreign bank requires a credit analyst with 3-4 years' experience to join their existing team of analysts. A candidate with greatest experience could expect a salary exceeding the rate indicated.

Economics Research/Information

c. £5,000

This is a new position with a small City based bank, carrying responsibility for monitoring the UK economy, interest rates, currency movements and financial developments.

Fund Management

c. £5,000

A highly respected team of fund managers seeks an investment analyst with up to 2 years' experience, or an outstanding economics graduate who wants to work in this area.

Contact Stephen Sharbourne, 01-267 1382, J. Farquharson Ltd., 7 Gresham Street, EC2.

JFL RECRUITMENT CONSULTANTS

APPOINTMENTS WANTED

SITUATION SOUGHT BY MATURE

CHARTERED ACCOUNTANT IN ENGLAND OR GERMANY

to the age of 51, F.C.A. and I.C.M.A. with impressive track record in financial and administrative posts with subsidiaries of Major Public, UK, German and Middle East Companies. I present Vice-President of a large finance well known Texas Construction Company but seeking a post of responsibility. I can live with my family. Fluency German. Please contact while on leave in the City. 17th at Gresham Cross 88626. I write Harrogate, "Times," Leichner, Avenue, Gresham Cross, SLS 811, Leichner.

INSTITUTIONAL INVESTMENT SALES

William O'Neil & Co., Incorporated, Creators of the Datagraph Institutional Investment Research Product Line is introducing a number of new fundamental, economic and technical services and would like to expand its institutional marketing into the United Kingdom and Europe. If you have an established institutional clientele or have institutional experience and contacts and would be willing to relocate to our Los Angeles offices, send resume to Mrs. Mary Searns, Vice-President.

WILLIAM O'NEIL & CO., INCORPORATED

Monterey New York Stock Exchange, 11901 La Grange Avenue, Los Angeles, California 90025 U.S.A.

Reliance Group...1977

Reliance Group, Incorporated and Subsidiaries/Financial Highlights

Year Ended December 31

1977

1976

Revenues	\$1,156,908,000	\$985,584,000
Operating income	\$ 54,617,000	\$ 20,135,000
Net realized gain on insurance investments	4,008,000	10,354,000
Income before extraordinary income	58,625,000	30,489,000
Extraordinary income—utilization of tax loss carryovers	23,667,000	4,867,000
Net income	\$ 82,292,000	\$ 35,356,000
Per-share information:		
Operating income	\$6.17	\$1.75
Net realized gain on insurance investments	.52	1.41
Income before extraordinary income	6.69	3.16
Extraordinary income	3.09	.66
Net income	\$9.78	\$3.82
Fully diluted net income	\$6.04	\$3.55
Average number of common and common equivalent shares outstanding	7,679,000	7,362,000

Per-share computations are after deduction of dividend requirements on the Series C Nonconvertible Preferred Stock.

Reliance Group, Incorporated 1977 Operations

INSURANCE

Revenues: \$1,006,359,000
Divisional Pretax
Operating Income: \$ 91,387,000

Property and Casualty Operations, U.S.
Reliance Insurance Company, Philadelphia
General Casualty Company of Wisconsin, Madison
United Pacific Insurance Company, Tacoma

Property and Casualty Operations, International
Pilot Insurance Company, Toronto

Life and Health Operations, U.S.
Reliance Standard Life Insurance Company, Philadelphia
United Pacific Life Insurance Company, Tacoma

Title Operations, U.S.
Commonwealth Land Title Insurance Company, Philadelphia

LEASING

Revenues: \$115,428,000
Divisional Pretax
Operating Income: \$ 27,232,000

Container Leasing Operations, Worldwide
CTI—Container Transport International, Inc., New York

Computer Leasing Operations, U.S.
Leasco Capital Equipment Corporation, New York

Computer Leasing Operations, International
Leasco Europa Ltd., New York

MANAGEMENT SERVICES

Revenues: \$32,663,000
Divisional Pretax
Operating Income: \$ 3,297,000

Consulting Operations, U.S.
Werner Associates, Inc., New York
Yankelovich, Skelly and White, Inc., New York

Consulting and Software Operations, International
Inbucon Limited, London

Fuel & Energy Consultants Limited, London

Leasco Software Limited, Maidenhead
Moody International, Inc., London
Werner International, Brussels

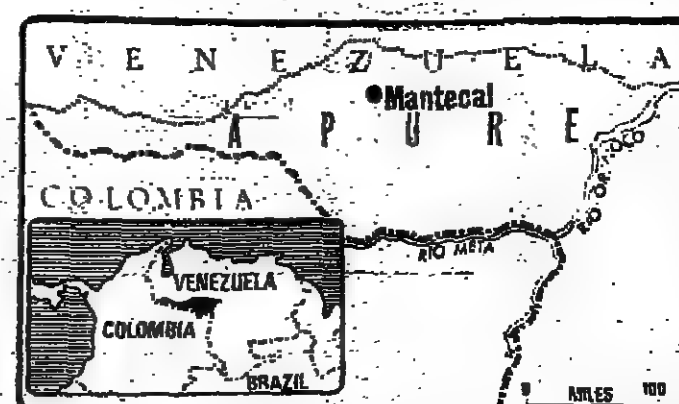
"Last year, 1977, was one of important accomplishments for Reliance Group. We achieved record revenues, operating income after taxes and net income... The outlook is excellent in 1978 for further improvement in operating income after taxes."

Saul P. Steinberg

Saul P. Steinberg
Chairman and President
Reliance Group, Incorporated
Reliance Group, Incorporated
197 Knightsbridge, London SW7 7, England / 919 Third Avenue, New York, N.Y. 10022, U.S.A.

Venezuela brings irrigation to a hellish climate

By JOE MANN, Caracas Correspondent



APURE, IN the heart of Venezuela's western plains region, is a land of hellish climatic extremes. During the dry season of six months the Llanos, or flatlands, which extend as far as the eye can see—are scorched by an unrelenting tropical sun. The cattle which give this depressed region its livelihood, grow lean and weak as grasslands turn yellow and parched. Waterholes become dust holes. Waterholes become dust holes. Waterholes become dust holes.

When the rainy season comes, relief is only temporary. Steady rains soak the land, but invariably cause rivers and creeks to overflow in much of the region. The lower plains drain slowly and are heavily flooded. Cattle that can't find higher ground are drowned. Waters inundate towns and hamlets. Those residents not driven away, altogether from their homes are often obliged to get around by boat.

The vicious drought-flood cycle has constituted a serious impediment to the development of Apure, a south-western Venezuelan state which supports only about 2 per cent of Venezuela's 13m. inhabitants, but which none the less ranks as an important beef producing region.

A Government programme has succeeded in reducing the severe climatic problems and offers new hope for reclaiming an important agricultural area. The Apure "modules" as the programme is called, refer to a relatively simple system of low earthen dikes built throughout the region. Six years ago the Public Works Ministry, working in conjunction with the Ministry of Agriculture, the Ministry of Health, and other Government agencies, built an experimental module near the town of Mantecal. The project was so successful that the Government in 1974 decided to expropriate 1m. hectares (about 25m. acres) of land in Apure and will eventually construct modules over several tens of the area.

Sr. Arnoldo José Gabaldón, Minister for the Environment and renewable Natural Resources said in an interview that like systems would cover about 300,000 hectares in Apure by the end of this year. At the end of 1977, the Government had built some 300 kilometres (about 190 miles) of dikes covering more than 200,000 hectares.

overall responsibility for the Apure project, explains that bulldozers were used to build up long, low earth dams, along stretches of the lands where a natural slope allows rain water to collect. When the rainy season comes the dikes, enclosing a series of reservoirs, collect several feet of water at 44.9m. on agriculture.

This figure does not include other public sector outlays for public works aimed at agricultural areas, but does include progress has been fairly slow despite the spending. According to official statistics, agricultural production grew by an average of 3.06 per cent from 1970 to 1974. Over the past three years, the increase averaged 5.5 per cent a year. This still leaves the country's agricultural production far below the level of foodstuffs have to be imported.

As the dry season advances, the minister said, water recedes through the deeper end of each module pool, opening up new grazing areas in cattle. Water, food demand, large quantities of foodstuffs have to be imported.

Another if necessary through gates in the dikes. A visit to the Mantecal modules a few days ago, at the peak of the dry season, showed no dramatic effects. Areas within the module boundaries were green and lush, with vegetation and fields outside the cells, yet brown and lifeless.

Cattle and buffalo grazed amid flocks of herons and storks, drying the wet season. In this, sometimes, themselves in pools of water. Administration is building low, escape the intense heat. As the rainy season begins, cattle will move to higher ground and the pastures land in start the cycle anew.

The Apure project is clearly one of the most ambitious agricultural schemes ever undertaken in Latin America. During the past four decades, urban and so far has produced mixed results. Up to now, the Minister said, the Government has spent about \$38m. on the country's inhabitants still live modules.

That, however, is only a small part of the Government's major push to rejuvenate Venezuelan agriculture, boost domestic production, and cut down the natural slope allows rain water to collect. When the rainy season comes the dikes, enclosing a series of reservoirs, collect several feet of water at 44.9m. on agriculture.

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in rural areas, and depopulation is felt acutely in Ap State.

The Government's answer been to lease developed ar of the region to small gro for extended periods. Altho the land will remain Govt ment property, individuals obtain the right to raise ca in a particular area, along v long-term Government rec in January, the Governi turned over sections of module territory to 24 differ groups, made up mostly of v agricultural engineers and it nicians who received Govt ment financial aid. The at and a State University, Universidad de los Llanos, also raising cattle on parts the newly reclaimed land.

Sr. Gabaldón, a big regarded engineer who stud in Venezuela and the U.S., is confident though that you cattle raisers will move into Apure region now that problem of the drought has been resolved, agricultural lands available, and the condi have been established for pr able beef production. He poi out that efficiency has b increased several fold since modules were developed. A viously, a cow in the area nee 12 hectares of grazing land order to survive; now e animal requires only 1 hect, and the ratio is being meat improved.

Despite their success in the modules have not ever criticism. One conservation asserted that the Governme efforts in Apure would irrevocably upset the ecolog balance. But the new condi have allowed plant and wild in flourish as never he Waterfowl of many types, d cored les, capybaras (a short-tailed aquatic soden and piranhas (the vorac carnivorous fish) now abou in the region.

Government spokesmen that the crocodiles and pir do not seriously threaten rat and that other changes in fauna will be beneficial to region. "What they're doi to convert a wasteland int useful, habitable region, question is whether we can the people who will take ad tage of it."

New issue
April 20, 1978

This advertisement appears
as a matter of record only.

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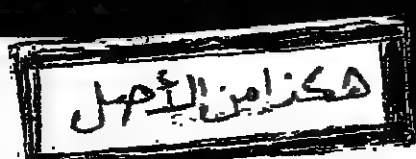
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FINANCIAL TIMES SURVEY

Thursday April 20 1978

محاسب الآلة

Calculators

The price of the basic calculator is fast approaching rock-bottom, and the industry faces a new period of uncertainty as manufacturers seek to add value through the provision of new features.

The rush is over

By Max Wilkinson

AFTER A PERIOD of astonishingly rapid growth, the calculator industry is entering a period of relative stability. But this does not mean that the future is any more predictable than it has been in the recent past.

The reason for uncertainty is at the integrated circuit revolution which made the hand-held calculator possible, is still in full swing. The price of the basic silicon chip circuit, which is the heart of all calculators, will continue to fall. At the same time, circuits of increasing complexity, and greater memory capacity will be etched onto a single chip. This will allow calculator manufacturers to greatly increase the range of functions offered, but the questions remain: what functions will be required by the market? Will the increase in complexity outrun the general desire to possess a pocket-sized computer? The price of the basic chip has already fallen to about \$5, and for the simplest type of

calculator, the electronic component may soon cost less than the batteries used to power it. Already a major part of the cost is in the plastic case, keyboard and display unit, and, at under £5, profit margins on the simplest calculators are very small indeed.

Prices of the basic calculator must, therefore, be approaching the rock bottom level, which is as well, because another huge increase in the market can scarcely be expected. Most people who want one, can now easily afford to buy one, and have probably already done so. The future uncertainty lies rather in what manufacturers will choose to do with the powerful low-cost computing power which component makers are placing on the silicon chip.

Two distinct trends can be seen. In the first place computers are becoming smaller and cheaper so that it is now difficult to draw a distinction between the cheapest desk top computers and the more expensive hand programmable calculators. Commodore, for example, has recently announced its PET home computer, which for around £700, includes substantial memory, a tape deck for feeding in data and programs and a screen. Hewlett-Packard with its 9845 desk top computer has produced a true computer complete with keyboard, printer and cartridge memory which nevertheless owes its lineage to the company's series of 9800 calculators rather than to data processing. In office equipment, Olivetti has a desk calculator, the 75S, with printer and display unit which for £245 offers the same computing power as a machine which

retailed for £16,000 in 1965, before calculators entirely

supersede trigonometric and log tables and even the humble slide rule in schools and colleges. As yet the majority of C.S.E. (Certificate of Secondary Education) boards have refused to allow calculators into their exams, which given the lower standard of the exam, may be logical. However, the main argument against the use of the calculator for the C.S.E. has been that its relatively high price would penalise children from poorer homes. However, as the price continues to fall below that for 100 cigarettes, this argument also is likely to lose weight.

The other trend is for the calculator manufacturers to seek new outlets for marketing their chips. Digital wristwatches have been followed by television games; and other consumer toys will surely follow as fast as engineers and market-ing men can invent them. Calculators are already being combined with watches and clocks, and will no doubt soon be fitted as an optional extra to typewriters, for the fact is that the ordinary four-function calculator, which was considered a marvel of human ingenuity less than a decade ago, is now too humble a product to provide manufacturers with a living.

Attention

It is not surprising, therefore, that manufacturers of all types of calculator, including the bulkier business machines with printing units, have turned their attention to adding value to their products through provision of more functions.

In the hand held sector, the emphasis has shifted markedly in the last year towards the scientific calculators, and specialist instruments for financial, navigational and other uses. The simpler scientific calculators, starting at around £12, are aimed at the growing market of schoolchildren. Most G.C.E. boards have now bowed to the wind, and allow at least non-programmable calculators to be used in examinations. It seems only a matter of time before calculators entirely

replace trigonometric and log tables and even the humble slide rule in schools and colleges. As yet the majority of C.S.E. (Certificate of Secondary Education) boards have refused to allow calculators into their exams, which given the lower standard of the exam, may be logical. However, the main argument against the use of the calculator for the C.S.E. has been that its relatively high price would penalise children from poorer homes. However, as the price continues to fall below that for 100 cigarettes, this argument also is likely to lose weight.

The industry is therefore stabilised around a handful of major manufacturers, as was generally predicted when prices began to tumble. The market has also begun to level out. In the U.K. last year it is estimated about 4m. hand-held calculators were sold, of which perhaps 1m. were of the specialist type. Commodore says only about 35 per cent to 40 per cent of the non-specialist market is now accounted for by the simplest and cheapest models. This is reflected in the C.B.M. range which has now moved decisively up market.

Indeed, demand for scientific calculators was so heavy towards the end of last year that manufacturers were unable to keep pace. Up to ten weeks delivery was quoted towards the end of the year by some of the major manufacturers. Commodore (C.B.M.) was having difficulty supplying chips to keep up with worldwide demand. Casio of Japan, which is now the largest calculator manufacturer in the world, was also having difficulty keeping up with demand, as was Texas Instruments. This worldwide shortage provided a good opportunity for Sinclair, the Cambridge calculator company which is now controlled by the National Enterprise Board.

The shortage, just at the time when manufacturers were changing their emphasis from the basic models to those with

higher value, was due partly to the fact that fierce price competition within the industry has continued to cause casualties.

In 1976 there were nearly twice as many manufacturers in the field. Since then Rockwell, National Semiconductor and Sytek have dropped out of the race. That leaves Casio as the largest manufacturer, with Texas Instruments the leader in the U.S. and Commodore the leader in Europe. Decimo, Sharp and Sinclair are all competing in the volume market, though Sinclair is still limited by its relatively small production and, is only just emerging from the re-organisation which followed the NEB's rescue operation.

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Growth

Growth of the market next year is expected to be moderate, with perhaps 6m. units a year as the ceiling. The U.K. is probably nearer to saturation than other markets in Europe because retailing elsewhere tends to be much less efficient. Partly because of the lower mark-ups in the U.K. and partly

because of the large national chains and discount houses, prices of hand-held calculators have been as little as half what they were in other European countries.

The world market for hand-held calculators last year is estimated to have been about 65m. units at an average selling price of about £8-£10. This gives a total market of around £700m. and £800m. in the current year. Sales in the U.S. represent about 40 per cent of the market, with Japan, 20 per cent and Europe about 25 per cent. In the U.K., Casio is easily the leader with about 40 per cent of the market followed by Commodore with about 20 per cent last year, which it hopes to increase to 30 per cent in the current year. Texas Instruments comes third with about 10 to 15 per cent of the market last year.

In the field of advanced scientific calculators, where Hewlett-Packard continues to fight it out with Texas Instruments for supremacy, with Commodore moving in strongly from the lower end, component technology has yet to yield more benefits. Until recently the more advanced programmable calculators used several different chips, which all had to be assembled correctly and then tested. Very large-scale integrated circuits (VLSI) are now appearing, which can place all the functions on a single chip. Such chips will initially be more expensive than those used in the simpler calculators because of the high development costs and the relatively smaller market. Before very long, however, it is likely that advanced programmable calculators could

move into the mass market price brackets. Indeed Sinclair has already shown the way with its programmable scientific which can be bought for about £15 and is, significantly, the best selling in the Sinclair range.

Manufacturers selling to engineers and scientists therefore face the risk that they will produce a mass market product, without a mass market to sell it into. The consequences, probably, will be the development of additional features. In the first place advanced scientific calculators will go the way of business desk machines which now nearly all incorporate printers. They then will move further towards computers with the addition of magnetic or solid state storage, full keyboards and better displays.

Printer

In the business sector, where Olivetti leads with 30 per cent of the world market, 90 per cent of all machines now have a printer. The older barrel type printers are being superseded by matrix and thermal printers, which can produce alpha characters as well as figures. The total world market for office calculators this year is expected to be about 5m. units selling at a total of £500m. This compares with last year's market of about 4m. units.

When the simple hand-held calculators came on to the market some people predicted that they would displace the office machines which were much bulkier and more expensive.

For a time this happened, as the 'older' electro-mechanical office machines fought a losing battle against the new mass-produced all electronic units. Olivetti's insistence that the

future of office machines was with printers rather than optical displays alone was regarded scornfully in some quarters. However, the advantage of a printer which allows every entry to be checked as it is keyed in soon became apparent.

Olivetti was vindicated, and now supplies print heads to most of its competitors. Optical displays are being added to all but the basic models, and the future is clearly for increasingly complex functions to be provided at the same price, rather than for any dramatic price reductions. Machines now have built-in routines which enable totals to be made under up to 52 heads of analysis, with each sub total computed automatically as a percentage of the whole. Olivetti believes that these advanced calculators selling for about £245 will begin to be used in applications where computers were previously thought necessary. Their virtue is that they can enable a semi-skilled operator to make routine calculations which formerly required an accountant or an executive.

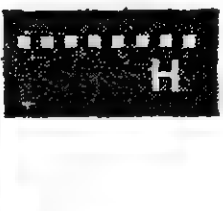
Meanwhile the threat which pocket calculators were once thought to pose to office machines appears to have receded. Paradoxically, this may be because pocket calculators have become too cheap. Now that everybody can afford a pocket instrument, they can be used as a supplement rather than a replacement of the business machine.

This is just one example of the elasticity of a market which has continued to surprise even some of its most experienced observers, and will no doubt continue to do so for at least the rest of the decade.

OLIVETTI FIRST IN CALCULATORS

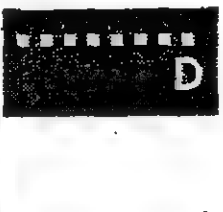
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 Logos 43 PD and 45 PD allow you to know: the number of days elapsed between two dates; a past or future date; the corresponding day of the week of a given date. These machines store two calendar centuries (1900-2099).

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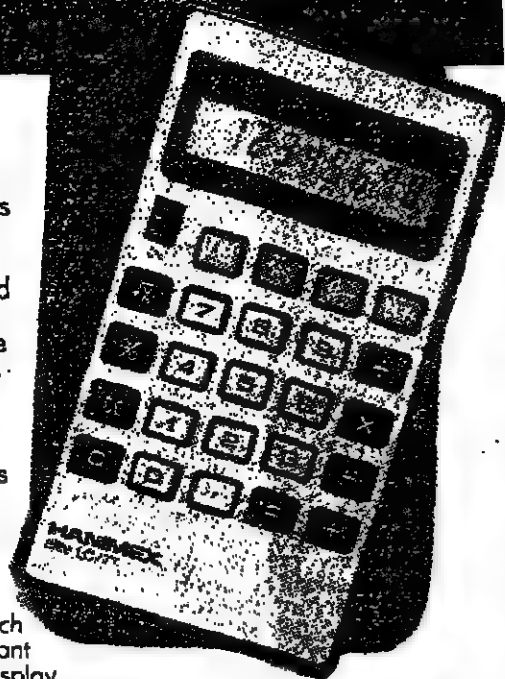
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AN IMPORTANT factor in the growth of the U.K. calculator market has undoubtedly been the surprising ease with which selling—especially of the pocket variety—has switched from specialist office equipment shops to a broad range of High Street multiple stores.

When electronic calculators first came on to the market they were unambiguously aimed at the office user and sold accordingly through traditional office equipment dealers. Brand names of even the largest types of calculator were not widely known and even some of the biggest electronic companies had to spend considerably on advertising to get their names into the public consciousness.

As prices began to tumble as a result of improved technology and mass production, the vast consumer market potential became clearer, making the previous office equipment market look more of a sideline by comparison.

Consumers in the early days of the boom appeared to be not so discerning about quality or the manufacturers' reputation, but were more interested in buying the newest model at the new low prices.

The emphasis for retailing, therefore, switched to the fast-growing electrical, hi-fi, and camera multiples like Dixons, Laskys, and Currys. The High Street multiple giants of W. H. Smith and Boots followed suit and brought the calculator into the reach of the average shopper.

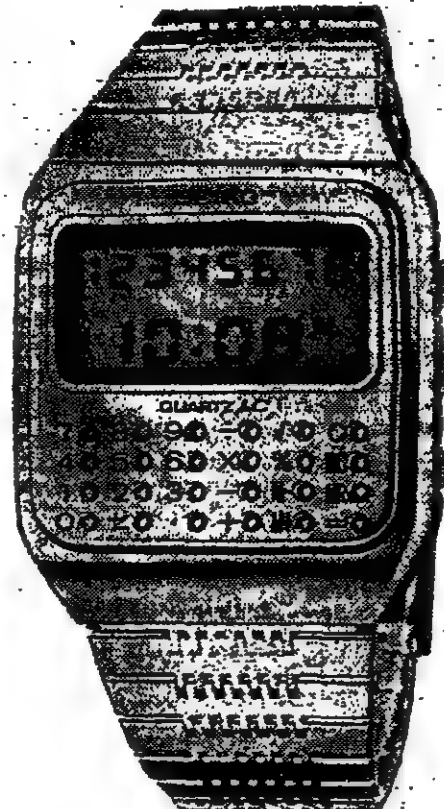
In Britain women are traditionally large buyers of shavers, pens, watches and similar items and the trend towards replac-

ing some of these products with calculators is clear.

It must be said that the popular theory that women are buying calculators to enable them to grapple with the complexities of unit pricing in the supermarket does not appear to be a significant market factor. However, Tesco once took a consignment of 20,000 of Commodore Business Machines (CBM) calculators and sold out in a week.

One of the main problems for the retailer has been keeping in touch with changing market fashions. A year is a long time in the calculator world and product life does not extend to more than two years in some cases, although manufacturers believe that this is often twice as long.

With fashion and prices changing so fast, no store wants



Two of a kind, on the left, Seiko's £165 calculator wristwatch which also gives day and date.



Cheaper, at about £45, is Canon's 'pocketwatch' and calculator—with an alarm.

to be left high and dry with a batch of unsold obsolescent calculators. This is even more crucial considering that their initial profit margins are already pared to the bone. Thus the market which the manufacturers created out of technology produces its own remorseless pressure for more technology, more innovation and more new models.

Manufacturers can no longer just be satisfied with putting a product on the market at the right price. Calculators must now have minimum quality standards and a degree of reliability that was not common even two years ago. As a result many manufacturers have changed their quality control procedures, which have tended to become much more involved. In the long run this will benefit them too since the low margins

on calculators at the bottom end of the price range does not allow them to handle rejects and make a profit. At CBM the problem of quality control has been dealt with in two ways. The manufacturer has installed rigid quality control procedures both on the parts it imports and on its own assembly operation.

Britain's other main manufacturer, Sinclair Radionics, has tackled the problem in four ways. First, it has taken the full assembly operation into its own premises, doing the whole operation itself. As a result control over quality standards is more rigid. The company has hired its own skilled operators to sample test the production process as well as parts acquired from other manufacturers. Secondly, it has built up its

own quality control department. This necessitated the purchase of sophisticated equipment to test calculators under varying conditions and stress. Machines are tested under extreme temperatures and humidity, as well as for their reaction under intense vibration and so on.

Thirdly, Sinclair has applied rigorous standards when changing from one parts supplier to another. Changing suppliers can frequently happen in the fast-moving calculator industry, which therefore requires careful control. Finally, there have been several design changes to make the products more reliable.

The impetus for manufacturers to raise quality standards for calculators has come partially from retailers. Big store chains have formed close relationships with the pro-

ducers and have often insisted on proper quality control to cause their own reputations at stake.

But because rejects are normally replaced immediately by the retailer, who in gets a replacement from manufacturer, it is the ducer who bears the big sacrifice for low standards.

The main question for retailers, however, is what happens to prices. The sav that can now be made by production and new techno are believed to be minimal are likely to be eaten up inflation in other areas.

It does not seem likely further price cuts alone will themselves continue to ex the market as in the 1. Almost anyone who wants a calculator can now afford the counted price of under £5.2 respectable make.

But there may yet be a to go for in the overall sig the market. The age of a into the calculator market, instance, has been getting progressively lower, moving a from university students sixth formers, then to O-L pupils and now, surprising may seem, towards the pri school level.

In the long term the age of the calculator manufactu in penetrating the domesti tal market may be repeate other areas as microproc technology takes hold. It holds a warning for man turers in areas where the electronics could make sue impact as virtually to decid existing producers, as happ in the watch industry.

Calculators have at t mostly made their own ma The only previously open territory they encroache was that of the slide-rule m facturers. In other areas, e ver, the marketing technic used in the calculator, b could upset a lot of compa which believe they are safe

David Churd

Category

The importance of this marketing move cannot be discounted as it opened up a whole new category of buyers—women. Surveys in the U.S. have shown that in the retail sector the majority of buyers are women who purchase pocket calculators as gifts for husbands and children.

In Britain women are traditionally large buyers of shavers, pens, watches and similar items and the trend towards replac-

Replacement market develops

WITH THE world market forecast are simple, single memory desk-top calculators continuing to be strongly influenced by the 2 per cent. share held by more sophisticated models is probably increasing.

Some of these machines cost about \$4,000 or more and are comparable with the more powerful science-orientated computers in the work they can do. These big desk top machines represent a quite different product, needing a trained sales staff and fast back-up in case of breakdown.

However, even this problem is likely to recede as electronic engineering technology continues to improve at a rapid pace and there is increasing use of large-scale integrated circuits and microcomputers on a single silicon chip and grouping them on function boards makes them easy to replace.

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A FINANCIAL TIMES SURVEY

OFFICE EQUIPMENT

OCTOBER 23 1978

The Financial Times proposes to publish a Survey on Office Equipment on October 23, 1978.

The proposed editorial content will examine the Office Equipment markets and discuss future trends.

It is becoming increasingly difficult to keep up with the new technology that is being used in much of the equipment that is now coming onto the market. The Office Equipment Survey will examine in detail many of these products including Calculators, Computers, Copiers as well as Office furniture and telephone systems.

The Financial Times has produced a booklet which contains reprints of the Office Equipment related Surveys which were published in the Financial Times during 1977.

Copies of this booklet can be obtained by contacting Robert Murrell at the Financial Times.

For further information about advertising rates and merchandising opportunities for the Office Equipment Survey please contact:

Robert Murrell

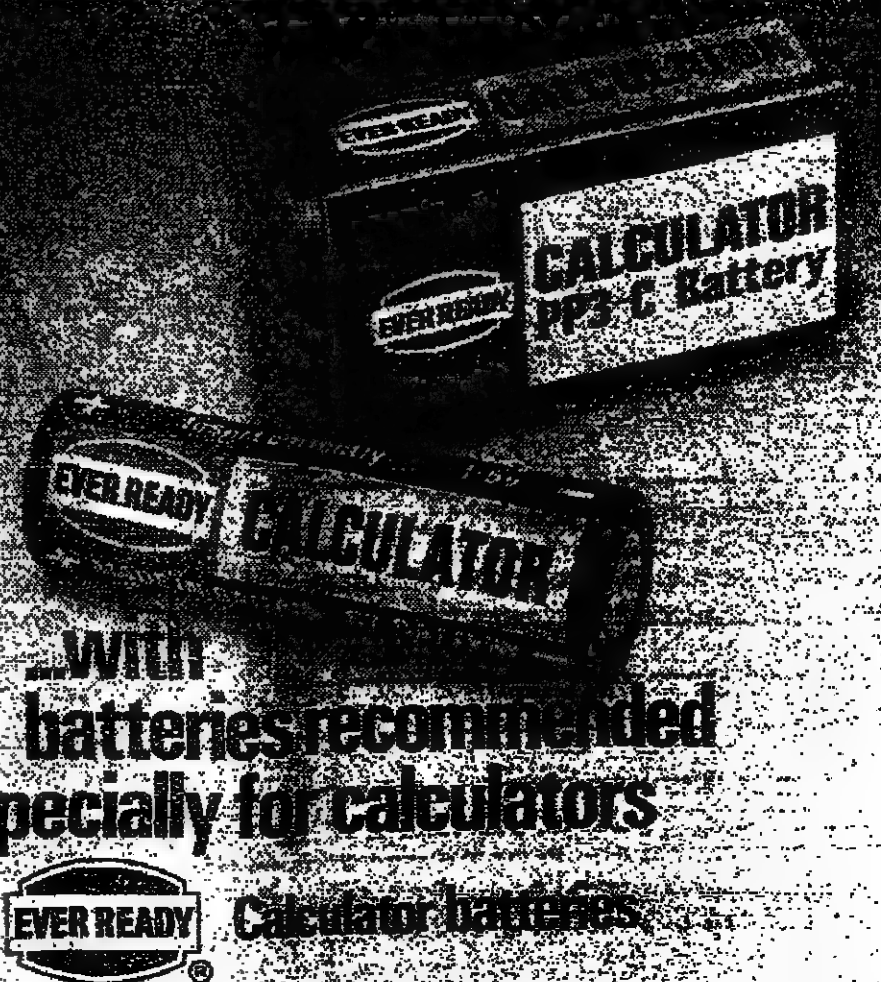
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext. 246

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

مكتبة النور

In today's world of advanced technology Ever Ready advances into tomorrow's world...



Learning from mistakes

THE CALCULATOR industry and market is a unique one, eyes within an industry as innovative and dynamic as electronics has been in the 1960s and 1970s. The market, as it were, created itself from nothing: the industry was, to a larger extent than usual, dragged along behind it.

The tremendous upsurge in demand between 1971 and the present (where there are some signs of stabilisation, though they must be treated cautiously) has given the industry world-wide a particularly rough ride. Many of those companies which were in at the beginning have now been forced to retreat, to cede position to those who have benefited from their mistakes.

The history of the industry — providing we do not wish to take it back to the abacus — really begins with Olivetti, which developed an electro-mechanical printing calculator — the Divisumma — in the early 1950s. Previously, there had been some mechanical calculators, developed in Germany, but the Divisumma was the first introduction of electricity into numerical calculations. Naturally, Olivetti was followed by a variety of imitators.

Innovation

Surprisingly, though the electronic technology was available from the early 1960s, none of the larger companies thought to apply it to calculators. That innovation was left to a small U.K. company, Bell Punch, which marketed the Anita desk-top electronic calculator in 1963. The majors then followed — Sharp (Japan) and Olympia (U.S.) were among the first — and quickly achieved substantial economies of scale.

At this stage, all calculators were desk-top: necessarily so, because the machines required a number of printed-circuit boards with transistorised components soldered on to them. They thus fitted easily on to the production lines of established electronics companies, especially the Japanese

companies, where the labour force was geared to rapid production of this type.

The third — and, to date, last — major phase was, of course, the development in the late 1960s of the single integrated circuit (the chip) in the U.S., in the 30-mile-long valley between San Francisco and San Jose known as Silicon Valley.

The jostling for position in the early 1970s among the residents of Silicon Valley to a certain extent duplicated the previous phases of the calculator's development. Relatively small companies got into the market first then were overtaken by the majors. Commodore — a Canadian company which saw how things were developing sufficiently clearly to move its corporate headquarters from Toronto to Santa Clara in 1970 — was the first mass-market of the hand-held calculator made possible by the chip: it still has a dominant position in the industry.

In 1972, Texas Instruments moved heavily into the manufacture of calculators, followed in the next year by National Semiconductor. Both companies were leading chip manufacturers: those who followed them have tended to design their own circuits, but farm out the manufacture of the chips to TI, National Semi and others.

The trend in the market has, in fact, tended to favour companies which construct out of some of their component work to those which are vertically integrated — TI being the major exception. A number of large companies — including Seiko, Sony and Remington Rand — simply gave up the market.

The contemporary scene is complex, shifting, and essentially divisible into two main areas: the desk-top models and the hand-held calculators. A further caveat should be added: with the continuing rapid development of micro-electronics, even this division, valid at present, may soon cease to be made. As the "intelligence" of calculating machines becomes simultaneously smaller

and more advanced, the main reason for a calculator being larger than hand-size will simply be convenience.

In the desk-top calculator market, the Japanese (with Sharp, Casio, Tealtronic and Citizen) and the Italians (with Olivetti dominant) reign. The world market was reckoned to be around 4m. units in 1977, rising sharply to around 5m. units this year. Olivetti is confident of taking something like 30 per cent of that market — that is, 1.5m. units in 1978, an index of the company's ability to stay ahead of the game even though it was the first in the field — usually, as countless U.K. companies have shown, a disadvantage.

Competitors

That growth — from around 1.1m. units in 1977 — is important to Olivetti in a market worth around £500m. It also means that the company — like its more successful Japanese competitors — has been able to read the market's needs correctly and, for the moment, supply it with what it wants.

At present, that seems to be for electronic desk-top calculators which also supply a paper print-out of the calculation. Allied to increasingly sophisticated intelligences, this means that unqualified staff can do calculations previously thought to be the preserve of accountants — the calculation of gross margins is a good case in point. The desk-top which had a digital display alone, even though it may have possessed a memory, could not produce checkable figures nor could it show a record of how its figures were arrived at.

The next development in this market — it is one which is already happening, since "development" is continuous — is for the mini-computer to come down the price range and "meet" the desk-top calculator. Olivetti has a mini-computer on offer at around £2,000: the top range of their desk-top calculators is around £250. The gap is still wide, but the price-plunge in electronics is a well-

known phenomenon. Besides that, there is a built-in logic for making calculators more intelligent, taking on extra functions which progressively means that the dividing line between computers and calculators grows hazier and hazier.

In hand-held calculators, the anarchy which characterised the early 1970s seems to have been replaced with a common view of the market which holds that it will not see the large growth of a few years ago again, and that growth of any kind will be difficult to achieve. The size of the market is the subject of a number of different calculations: it is widely thought to have declined, possibly to around 50m. units a year. It thus continues to be important to electronic firms, but to markedly fewer than at the beginning of the boom. Those which have stayed in have had to become sophisticated, offering a range of styles and functions to attract both those who like conspicuous consumption and those who like complex machines.

Innovation, rather than simply quantity, has thus become the most sought-after element. Sinclair Radionics, which has been in the calculator business successfully for five years, now markets a programmable calculator at under £16 which has the facility for 400 programmes and at present has no competition. Not surprisingly, it is cleaning up in the U.K. and the U.S. But it needs that level of inventiveness before a modern hand-held calculator is assured of becoming a market winner.

Market analysts believe that the market is now largely a replacement one, and that the customers are individuals who need calculators for "light" business use, or for domestic use — bills, shopping, tax forms etc. If the educational market takes off — and there are some signs that it is doing so — then the market may receive a new boost. Until then, it jogs along.

John Lloyd



A cross between a sophisticated calculator and a mini-computer. The Oyez LX2010 Solicitors' Accounting System, which is based on the LogAbac LX2010.

Educational aids

"WRITE 40% as a decimal." The Institute of Mathematics and its Applications recently put that problem to more than 7,000 youngsters ending 11 years of compulsory schooling in a democracy where pay policy and other matters of national debate are increasingly presented to the public in percentage terms. Even so, the problem confounded three in every five of the girls, and almost half of the boys.

This, and other alarming results from the Institute's test suggest that the mathematical ignorance commonly believed to prevail amongst this country's children — and probably adults — lies too deep to be effectively remedied by increasing merely their calculating faculties. Which in turn may explain the continued existence of a considerable body of opinion favouring the banning of electronic calculators from primary, if not from all, schools.

It is true that the outright "banners" seem now to be well outnumbered by teachers and educational administrators who have accepted the use of electronic calculators by children as an irremovable fact of seven-year-old and present and future school life. But mathematics specialists even among the permissive fraternity still severely doubt that the result will be an improvement in the nation's numerate understanding. Many believe that, left to itself, the switch to push-button calculating is more likely to make things worse.

Given that the temptation of do-it-yourself button bashing could be resisted, mathematical opinion would probably expect calculators to prove a blessing. For there is little doubt that, wisely supervised, their use could promote the acquisition from the immediately post-basic stages onwards.

As an example Mr. Nigel Webb, head of maths at the Oakham — independent — school

Leicestershire — where interested teachers from all over the country gathered last weekend to discuss the calculator question — says that guided key-board-play has enabled his seven-year-old to learn and master multiplication tables remarkably quickly. "It can also help young children to gain a sense of magnitude which is very important — you know, by testing what happens when you divide a big number by a small one and so on. So although it is early days as yet, I feel that there is now the potential for a great deal to be learned very fast indeed."

Understanding

In older classes, too, Mr. Webb thinks that electronic calculators offer the possibility of enlivening teaching so as to awaken the understanding even of the many children who, although normal in other ways, seem to be born mathematically apoplectic.

"You know, I feel that the traditional need to chew through a lot of examples involving awkward workings-out must have barred huge numbers of children from appreciating the fascination of trigonometry, say. Now they could get through the examples more easily, and so have an earlier sense of profiting from the subject. In a word, trigonometry could become less frightening."

But although from 1979 the School Mathematics Project — which sponsored the Oakham School meeting — will offer a calculator-related maths paper for GCE Ordinary level as an alternative to the paper designed for slide-rule and logarithms, there are obstacles to be overcome before the challenge can be answered and brave hopes realised.

For one thing, there is a glaring absence of any calculator designed for the needs of school education. "One of the big manufacturers we approached was sympathetic," Mr. Webb says, "but pointed out that the whole of likely U.K. educational demand wouldn't be much more than two days work for the factory. But the two main mathematics associations and the scientific education body have jointly worked out a specification for an O-level design, and we hope manufacturers will take note of it in their future developments. There's not much more we can really do."

The main — and still potentially wrecking — obstacle, however, is the shortage in this country's schools of teachers with sufficient mathematical capability to ensure that children use their calculators to develop numerate understanding. The latest figures from the Department of Education and Science, for instance, indicate a lack of 1,800 graduate teachers in maths and, at best, the current "crash" retraining programme can hardly make up more than a third of that deficiency.

So in the end, it seems bound to be teachers and not technology that will decide whether electronic calculators lead the nation to a swift improvement from its currently abysmal level of general numeracy, or plunge us still deeper into bewilderment. All we can hope is that the official inquiry now being set up into the teaching of maths can identify the right buttons and that Mrs. Shirley Williams, the Education Secretary, will press them firmly.

Michael Dixon

Beware of Imitations



Ever since Sharp developed the world's first electronic desk top calculator in 1964, they have been setting the standards for the rest of the world to follow. Sharp pioneered the ideas and technology for, among others, the first liquid crystal display calculator, the first folding calculator, the first calculator powered by solar batteries and the first calculator with a sensor digit panel — completely eliminating the need for keys.

What Sharp do today others invariably do tomorrow.

Whilst imitation may be flattery indeed, Sharp quality just can't be copied. Years of experience have not only given Sharp the lead but make Sharp calculators the most reliable in the business. That is why millions of people the world over know that the Sharp name in calculators is the one to count on.

SHARP Sharp Calculators — Not in the World

Sharp Electronics (UK) Limited,

107 Hulme Hall Lane, Manchester M10 8HL. Tel: 061 205 7321

357 Uxbridge Road, Southall, Middlesex. Tel: 01 574 2157.

CALCULATORS IV

The scope for greater sophistication

THE CITY DESK of the Financial Times has just purchased a new programmable calculator the Hewlett-Packard 97, equipped with a printout, at a cost of around £500. With its help the desk hopes to provide a service it finds difficult and time-consuming to-day. The plan is to use it to calculate cross-rates for a daily foreign exchange table which will present the rates of ten currencies (including the pound) against each of the others—100 cross-rates.

Until now cross-rates have been obtained over the telephone from different market sources. This is time-consuming and hampered by the fact that foreign exchanges close at different times. Using a program prepared by Hewlett-Packard, the Financial Times has found that it can punch in ten exchange rates and, only 12 minutes later, obtain a printout of its 100 cross-rates. In a few moments more this printout can be pasted into the cross-rate table ready for the printer.

Even to-day relatively few people need calculators of this complexity. The simple four-function calculator, slim enough to slip into a pocket or briefcase, has carved a durable market niche. Extended with time, date and alarm, all of which can now be added cheaply and easily, they add up to a simple personal console which some globe-trotters are already learning to live by.

Drawbacks

Further technical sophistication in this low-price range may be hard to achieve. Smaller size has its drawbacks—as those who have tried to microminaturise time have discovered. The wrist-watch calculator needs tweezers to punch the keys. The pen with built-in time needs a magnifying glass. If man himself needs modifying before he can use the engineer's wizardry, he will probably reject it and make a virtue out of established technology—say, by a return to the pocket watch with its bold analogue display.

The next price range for the calculator, currently £30-£50, offers greater scope for increasing technical sophistication. The market is the professional or student who needs to make relatively elaborate calculations. It is served by a range of programmable pocket calculators which

take advantage of the fact that solid-state memory, provided—and it is an important proviso—that it is purchased in large quantities, can now be bought very cheaply. Manufacturers are putting more and more into their products. About six semiconductor makers can already supply of 16 kilobits of memory on a single circuit chip—as much memory as the first electronic computers possessed—and some are talking of 64 kilobits of random access memory per chip.

How far this line of development might progress may be gauged from the fact that the pacesetters in semiconductor technology are confident that, using electron beam lithography for the manufacture of masks, they will be making integrated circuits with up to 1m. bits of random access memory on a single chip of silicon by the early 1980s.

What differentiates calculators in this price/performance bracket from the computer itself is the absence of logic. The user sets up his calculation as a series of steps—perhaps as many as 100. The instrument works out each step and memorises the result.

The program is written by the user himself as the series progresses and remains with the calculator until he switches off. For the student it is an excellent way of learning the essence of computer programming. For the professional with lengthy calculations he must often repeat, the next big advance in this price range may be the introduction of logic—still perhaps five to ten years away at this price.

Perhaps the most striking aspect of the personal computer for the non-professional is that he will be enabled to perform calculations even when he has no understanding whatever of the mathematics involved. Such an instrument might "keep score" in a sophisticated teaching lesson, might work out housekeeping accounts and "balance sheets," or might permit users to play computer games (such as chess).

For the present this power is vested only in instruments in the range of £500 to £1,000, of the type this newspaper plans to use to compute daily cross-rates. The scope is enormous, for example in setting up a diagnosing faults in machinery which itself depends on a central processing unit or micro-computer at its heart. The AA man or TV repairman may well

carry such a calculator in the 1980s. GEC's Hirst Research Centre is assembling such a calculator in a briefcase, as a convenient one-man way of conveying the "intelligence" for microprocessor control of manufacturing processes from its development laboratories to the shop floor. It will take advantage of a new and more indulgent display technology, the electroluminescent display, on which GEC's researchers have also been working.

Convenience

In the home, especially, the TV set provides a powerful and convenient display. Manufacturers, however, have been hesitant about adding calculation power to the TV set, until technological (and fashion) trends grow more stable, so that little can yet be found on the market beyond a built-in digital clock and add-on games of the simple "bat-and-ball" kind. But the scope clearly is there; for example, in developments of the home computers now available in the U.S. for around £1,000.

Why a home computer? Corbuser called the house a "machine for living," and by the same logic that factory processes are being made more intelligent by means of microcomputers and microprocessors, and the car is beginning to follow, so the home may benefit from central "process control." Heat, lighting, humidity level security systems might all be programmed into an environmental control system also embracing the performance of individual appliances—programmable cookers, automatic recording of broadcasts, etc. The same computer could be expected to take care of the accounting, automatically logging consumption of utility services and verifying bills as they come in.

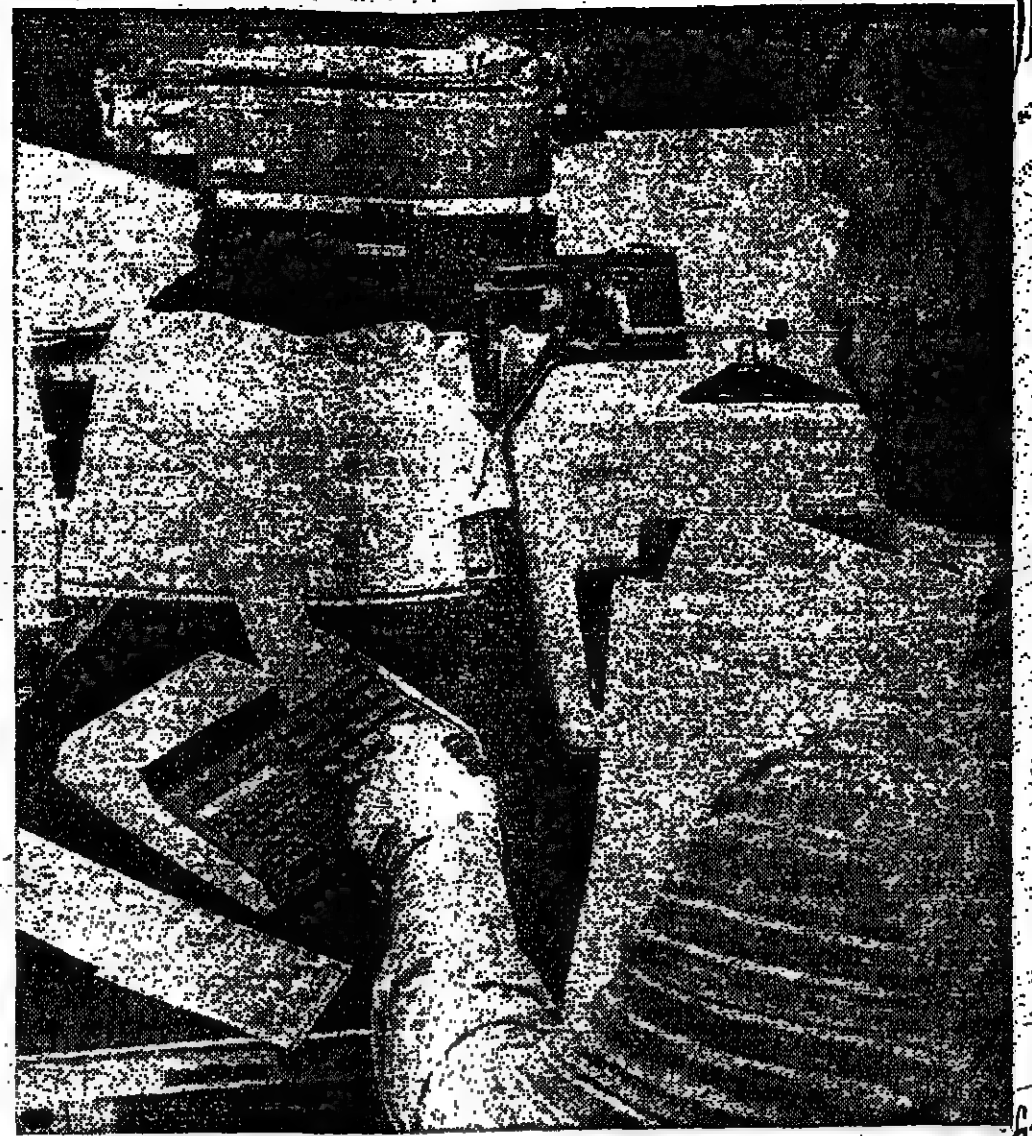
For a third potential use for the home computer the development potential is almost unlimited. This will be its application to leisure activities ranging from the type of game which demands mental rather than physical dexterity, through its use as a teaching aid at every level of education, to such pursuits as playing the Stock Exchange. In the U.S. the potential of this market has already been marked by the

appearance of consumer magazines advising readers on how to exploit home computers. In Britain, the concept of the home computer may respond rapidly to developments by the TV broadcasting companies and the Post Office, which promise to give the home direct access to large data banks and professionally written computer programs. Using the BBC's Ceefax system, for instance, the viewer can already call up pages of specially-prepared text, which are stored in the solid-state memory of his Ceefax receiver, and can be displayed when required on his screen. With the Post Office's Viewdata service, the TV viewer will be able to use his telephone dial to summon a program and feed data into a memory built into the TV set, then disconnect—keeping the cost to an absolute minimum. What he then gets out of the program will depend on his own dexterity with the home computer.

The sheer size, convenience and familiarity with the TV screen make it an ideal display for most purposes. Only in special circumstances can it be envisaged that alternative displays might make inroads into the home computer market in the foreseeable future. The calculator which responds—very clearly—with the spoken word has been available for two or three years, but its value is likely to be greatest to those who are either blind or are working in circumstances where their visual sensory capacity is already overloaded.

David Fishlock
Science Editor

The Hewlett-Packard 97 with printout which Colin Millham will use to work out the foreign exchange cross-rates every day.



Designing for the future

simple football to quite complex problem-solving games.

At the smaller end of the market, the industry's ideas-men are already trying to popularise a new piece of jargon—the "wrist instrument," which might contain a variety of facilities apart from a watch. Indeed, one of the features of the next year will no doubt be the competition to determine how many of which feature can be packed on to a watch-sized base.

A good example of an advanced "wrist instrument" is currently attracting some interest at the Basle Fair, in Switzerland, always a good showcase for the more way-out ideas in gifts. An electronic watch has been adapted to determine the menstrual cycle of its (female) wearer, and to inform her of when her "safe" and "unsafe" periods occur. While there must remain doubts on whether or not it will prove to be foolproof, it is widely tipped to do well.

With such competition, the idea of building a calculator into a watch, or rather, putting a watch on top of a mini-calculator, seems almost staid. There have, indeed, been such devices on the market for some time, though as yet there are few signs that they have gone beyond the gimmicky stage. The problem with them is the obvious one of size: if they are not to be too bulky for wearing on the wrist, the keys must be so small that they can only be operated with the point of a pencil. They are thus rather awkward for making rapid calculations.

Constraint

The further constraint on their gaining ground is that the pocket calculator is now so cheap—thanks to the sharply descending prices of the components—and so small—thanks to the ever decreasing size of these components—that the purchase of one is approaching the status of an "impulse buy," and the carriage of one in the pocket or handbag extremely easy. The early failure of the LED (light emitting diode) watch, which lit up only when a button was pressed, seemed to show that people want a watch just to be a watch, and cannot be bothered with too many other gadgets upon it. Indeed, the trend in the watch market—according to the Swiss, who should know—is back to watches with a conventional face, though powered by the much more reliable quartz crystal.

There is the further disadvantage that, as yet, mini-calculators cannot produce a paper read-out of the calculation, as many desktop and some pocket calculators now do. That is a limit of size, a factor which also limits them to comparatively few and simple features.

Still, both watch companies—like Time Products—and electronic companies—like Hewlett Packard—include at least one model in their range, and expect them to pick up in popularity.

The Hewlett-Packard idea, for which the company claims unique status, is to get away from the simple concept of merely adding the calculator and the watch together, using the same screen to display the digits, in favour of merging the

two functions to a significant extent. The instrument can thus be instructed to read off time in terms of something else—most obviously, and most appropriately for the wearer to whom time is valuable, in money.

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The "radicals" point to the fact that most conservative assumptions about most sectors of the electronic market have proved to be false. More positively, they ask why simple calculators—once the weaker has accustomed himself to its scale—should not prove just as useful as the standard pocket model. And if the Hewlett-Packard idea can be extended, with other features, then the use of the instruments would begin to prove themselves.

For the moment, it seems, the "conservative" argument is winning, if only because the manufacturers are leary of being caught out. But the demand may yet materialise.

John Lloyd



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EDITED BY MICHAEL THOMPSON-NOEL

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Thursday April 20 1978

Earnings lead prices

THERE ARE two main points of interest about the latest figures of average earnings. The first is the decisive fashion in which they are now pulling ahead of prices. In February the old index of earnings was 11.4 per cent higher than a year before, the new index—which is more comprehensive in its coverage but is not yet seasonally adjusted—10.4 per cent higher. Retail prices in February were 9.5 per cent up on the year. The increase was down to 9.1 per cent in March and is officially expected to be down to 7 per cent by mid-year.

It is this combination of rising earnings and slackening inflation, combined with tax cuts, which will bring about a rise in real disposable incomes that may reach as much as 7 per cent by mid-year. The consequent rise in consumption expenditure will depend to a large extent on expectations about the economic outlook and the proportion of their increased real incomes which consumers decide to save.

The second point of interest is the degree to which the Government is succeeding in keeping the average increase in earnings during the current round close to its stated target of 10 per cent. The old index shows an increase of 8.4 per cent for the first seven months of the year. On a strictly proportionate basis, this would imply an increase of 14.4 per cent for the year as a whole, but strict arithmetic is probably out of place here.

Halved rate

On the one hand, there does seem to be a tendency for earnings to rise more slowly in the second half of the wage round than in the first. On the other hand, workers are taking longer to settle this year than usual. The final figure, however, will probably not be far off 14 per cent, and the Government has already announced that it is seeking to halve this rate of increase for the 1978-79 wage round. The aim is certainly ambitious, and it will have to be made clearer than it was last time that the discussion is about averages rather than norms or minima. Allowance

The vote on the Panama Canal

THE VOTE in the U.S. Senate on Tuesday night on the Panama Canal issue was a welcome release from a number of tense political situations. In the U.S. domestic sphere it served as a much needed vindication of President Carter's reputation. Since he assumed office last year he has been under almost continuous attack for his alleged inability to manage his relations with the legislature. Had he not managed to persuade the senators to ratify the treaties which he signed last September with General Omar Torrijos the Panamanian leader, about the future of the Canal his critics would have been greatly encouraged.

Tension

Almost from the moment of his inauguration Mr. Carter expressed his personal determination to arrive at a new agreement with the Panamanians about the waterway and his failure to get his way on a topic of such close interest to him would have been a major reverse. It would have brought comfort to the enemies of the U.S. and dismay to that country's allies as the world wondered who was the master—or indeed whether there was a master—in Washington.

The Senate vote also released a great deal of pent-up tension in Panama itself. If the Senate had rejected the second Canal treaty on Tuesday night it was entirely within the bounds of possibility that the nationalist backlash in Panama would have erupted into violence. No one concerned with the future of the Canal will forget the riots of 1964 in Panama City when 24 people lost their lives and widespread damage was caused as Panamanian nationalist passions rose on an issue which was minor in comparison to the present treaties with the U.S.

As things stand today General Torrijos is able to claim that the new agreements with the U.S. providing for Panamanian control of the waterway in the year 2000 do honour to both countries and that Panamanians could accept them. Though large number of Panamanians will continue to be discontent

will also have to be made for a much greater degree of flexibility—such as the self-financing productivity deals which are allowed during the current round, some of the larger among which are now to be monitored with the intention of forcing re-negotiation if they turn out to be spurious.

The first reaction of trade union leaders to the Chancellor's suggestion that it would make sense to discuss a further period of voluntary wage restraint has not been so completely negative as he may have feared. There is no question of recommending any particular figure, of course. But it is possible that the TUC will continue to uphold the 12-month rule; union leaders are clearly not anxious to embarrass a Labour Government in the run-up to an election, and the much-reduced rate of inflation should itself help to alter their members' expectations and soften their demands for large pre-emptory pay increases.

Work-sharing

One point that the Chancellor will have to watch carefully in any discussions with the unions, however, is their new attitude to the problem of unemployment. He has felt unable to cut taxation or increase public expenditure as much as the TUC would have liked. Union leaders are now suggesting that the 40-hour week should be cut to 35 hours to spread round the amount of work available, and that the cost of this should be ignored in negotiating the next round of pay increases.

The trouble with this suggestion is not merely that it would be highly inflationary in the long run, since more work would have to be paid for at overtime rates once the demand for labour recovered. It would also be inflationary in the short run, since employers would have to pay more for the same volume of output, and might therefore make the unemployment problem more intractable than before. If the unions wish to tackle it by sharing the available work, they must recognise that those in work must suffer some drop in what would otherwise have been their standard of living.

with the continuing U.S. role in their country the Senate vote should ensure the political survival of the Panamanian leader. And on his survival much depends. Contrary to the views of some U.S. politicians General Torrijos is not a man of the revolutionary left but a populist leader who has followed middle of the road policies since he took power a decade ago. Under his rule Panama City has mushroomed as one of the world's most important offshore banking centres. If Torrijos had been overthrown in a wave of violence this would have done a great deal of harm to Panama as a financial centre, quite apart from the physical danger to the Canal itself.

Now the vote has gone through it is likely that the depressed economy of Panama will start to recover and may even stage a modest boom as the confidence of bankers and businessmen in the future of the country increases. This in its turn could reduce the unemployment and other social ills which have exacerbated the political tensions in Panama.

Premature

In the broader field of Washington's relations with the rest of Latin America the Senate vote will have had a positive effect. Many Latin American governments, notably that of Venezuela, were in close sympathy with the Panamanians' demands for the dismantling of the quasi-colonial presence of the U.S. in the Panama Canal Zone. They would have reacted badly had the Senate thrown the treaties out or substantially emasculated them. This would have injected a new note of sourness in the always touchy relationship that the U.S. maintains with its neighbours to the South.

At the same time it is premature to hail the Senate vote as the beginning of any new and improved U.S. relationship with Latin America. The points of friction between Washington and the governments of the region, ranging as they do from questions of human rights to matters of international trade, are too numerous to be conjured away by one vote on Capitol Hill.

The great energy muddle

By DAVID BELL in Washington

PRESIDENT CARTER went before an expectant Congress a year ago to-day to declare the "moral equivalent of war" on the energy crisis in America. He did not quite say that the war would be over by Christmas, but neither he nor his staff ever imagined that, 12 months later, the Energy Bill that he took with him to Capitol Hill would still be the subject of fierce and prolonged argument. It has been a sobering time.

The unwillingness of the Congress to agree on a bill has been a major factor behind the steady fall of the external value of the dollar. At home the President's failure to get Congress to swallow its differences has contributed to the image of him as well intentioned, but unable to govern effectively. Though that image has been improved by the Senate voting on Tuesday to sanction the Panama Canal Treaty, where energy is concerned Administration and Congress remain at sixes and sevens.

Members of the White House Press corps have lost count of the number of times when the Administration promised that agreement on this or that part of the Energy Bill was "imminent". Each time something has gone wrong. The joint Congressional committee that is searching for a compromise has yet to consider the cornerstone of the bill, the proposal to raise the market price of domestic oil to encourage conservation.

Mr. Carter put it well himself last week. "Of all the major countries in the world, the U.S. is the only one without a national energy policy. And because the Congress has not acted, other nations have begun to doubt our will," he said.

Not a wasted year

Critics of the Bill complain that the fault is largely Mr. Carter's. The Bill was hastily conceived and drawn up without consultation with the key Congressional committees that was going to decide its fate. Inept lobbying since then has worsened the problem. Administration officials readily concede that they would do it differently if they had it to do over again. Yet Mr. James Schlesinger, the Energy Secretary, and others argue that it has not been merely a wasted year as it may seem at first. To begin with they say, the American people are much more conscious of energy needs than a year ago, partly because of higher utility costs, partly because of the emphasis on mileage per gallon in car advertisements, and partly because of the administration's faltering campaign to bring home the problem to them.

Delays to the energy policy in turn threaten to delay the giant gas pipeline intended to bring to U.S. markets gas from Prudhoe Bay in Alaska. As long as there is no certainty about

the price that that gas will command, the financial community is hesitant to come forward with the loans required to finance the project.

But at any rate in the past year, natural gas production has stopped declining for the first time in three years. Many new wells are being drilled and the search for new gas reserves has been intensified. Imports of oil from OPEC countries are down by 9 per cent so far this year, and although the drop may only be temporary it owes something at least to the fact that Alaska is now producing some 800,000 barrels a day.

Coal production has increased, and rose last year despite the strike. Most experts believe that the administration will be able to reach its target that by 1980 at least 25 per cent of all that the Administration will be generated by coal.

At the same time, though, this too may only be temporary, there was an encouraging shift last year in the relationship between energy consumption

and the U.S. gross national product. Until last year both had been climbing at about the same rate; in 1977 energy consumption increased by a rate only two-thirds as high as the rate by which GNP increased.

These events have been seized on by those in the oil industry and elsewhere who argue that there is no oil crisis, or at least that there is none that cannot be solved given more incentives to look for new oil and given a reliance on market forces to encourage voluntary conservation. "The rise of energy prices has already got people to use less, and it is going to have an even greater impact," one industry analyst says.

The Carter Administration continues to reject that view. It insists that by the middle of the 1980s there will be the beginnings of a real world oil shortage, in spite of current American estimates that there is a surplus oil production capacity in the world of 4m-5m barrels a day. There were reports this week that new and

THE IMPACT IN EUROPE

A clash about atomic policy

By DAVID FISHLOCK, Science Editor

A REPORT just released by the beleaguered U.S. Department of Energy states that delays to nuclear power station projects in the U.S. since 1975 mean that U.S. oil and gas consumption by 1985 will be the equivalent of an extra 700,000 barrels of oil a day. The Alaskan oil pipeline, on which U.S. hopes have centred for so long, is designed for a maximum flow of 1.2m barrels a day.

For Europe, the full impact of the prodigal American energy consumption that President Carter's policy was designed to stop will not be apparent for a few more years. It just brings so much closer the date when world oil production peaks. If the U.S. builds no more nuclear stations—and it has ordered only one or two since the Energy Bill was first presented to Congress—it will have to find the equivalent of another 5m barrels of oil a day for electricity alone by the end of the century.

For Europe the more immediate impact of the President's energy plan has been in the nuclear sector. The plan itself blessed the light water reactor (LWR), derived from the submarine reactor of which the President had first-hand experience in the navy. This type of reactor, once the main target of nuclear opposition, is already producing electricity in nine West European nations, and earlier this year was grudgingly accepted by the British Government as a possible runner in the 1980s.

Although the proposed Bill for political reasons deliberately played down dependence on nuclear energy as the resource of "last resort," it was easy to calculate that the U.S. Government was placing a rather heavy dependence on new reactor construction. The figure lay somewhere between 400-600 new U.S. nuclear stations needed by AD 2000—or 20-30 a year.

The U.S. Department of Energy itself has come to the conclusion that the main reason why, one year later, nuclear plants are still not being ordered is that "the Administration, though endorsing the use of LWRs in the national energy plan, has not followed through with requisite actions, including the specific commitments already made by the Administration." Put in another way, the ranks of the Administration are packed with enough people hostile to nuclear energy, at sufficiently influential levels, to frustrate even the President's own declared intentions.

Supreme Court judgment

The one real sign of relaxation is a U.S. Supreme Court judgment early this month which said very bluntly that the courts had no business allowing themselves to be manipulated by nuclear opponents to frustrate fundamental policy decisions of the Administration. "Time may

prove wrong the decision to develop nuclear energy, but it is Congress or the states within their appropriate agencies which must eventually make that judgment," the court said.

Counterbalancing his endorsement of the LWR, Mr. Carter took a line strongly antagonistic to plutonium and all technology directly associated with it—namely spent fuel reprocessing and the plutonium-fuelled fast breeder reactor. Mr. Carter, as guardian of much of the world's nuclear technology and fuel at present, planned to make available enriched uranium on terms that would forbid its overseas customers to reprocess, and then to offer to store the radioactive fuel, perhaps offering "credits" against the residual energy value of the unprocessed fuel.

Hard on the heels of the plan came a presidential proposal at the London Summit last summer for an international re-appraisal of nuclear technology. Mr. Carter apparently saw the International Nuclear Fuel Cycle Evaluation (INFCE) as a way of gaining time for wider acceptance of U.S. nuclear policy, and of convincing other governments of his belief that plutonium and all its associations were the evil key to nuclear proliferation.

He persuaded other nuclear nations to take INFCE very seriously. In Britain, for instance, it is already absorbing a considerable technical effort, although the two-year exercise is still in its preliminary stages. It is a moot point, however, who by the autumn of 1979 will be

seen to have been educating Parliament last month, said the U.S. Government had Britain in no doubt that that INFCE will demonstrate conclusively that the U.S. Administration has gone badly wrong in trying to pick up on issue of non-proliferation. Owen claimed, "We have a plutonium. But it will be still campaigning for it when other countries, not least U.S., were not taking as much interest in the subject." British Government shared general aim of limiting spread of reprocessing, believed it could best do so offering other non-nuclear weapon states the services Windscale.

Thinly-veiled threats

European Heads of State have refused to accept President Carter's suggestion that decisions relating to plutonium should be deferred until INFCE is over. The Japanese set the pattern with a thinly-veiled threat last summer that they might tear up the Non-Proliferation Treaty if the U.S. Government refused to allow them to reprocess in their new plant at Tokai Mura, and to export spent fuel to Europe for treatment. France has since given formal approval for the expansion of its Cap le Hague reprocessing factory and contracts have been negotiated worth well in excess of £1bn. with West Germany, Japan and Austria. Britain is expected to follow with formal approval for the expansion of Windscale this spring.

Dr. David Owen, the British Foreign Secretary, summing up the debate on Windscale in

Parliament last month, said the U.S. Government had Britain in no doubt that that INFCE will demonstrate conclusively that the U.S. Administration has gone badly wrong in trying to pick up on issue of non-proliferation. Owen claimed, "We have a plutonium. But it will be still campaigning for it when other countries, not least U.S., were not taking as much interest in the subject." British Government shared general aim of limiting spread of reprocessing, believed it could best do so offering other non-nuclear weapon states the services Windscale.

By the terms under which U.S. Government enriched almost all of the that Windscale and Cap le Hague expect to reprocess through the 1980s, the U.S. still withhold its approval, the great bulk of it, however, question will not arise by the early 1980s—long a INFCE should have ended more immediate problem. Europe is the terms of the U.S. Nuclear Non-Proliferation Act, passed in February, which compels Euratom to reprocess on terms under which the whipsupply enrichment. But the act appears to have produced a confrontation. Europe might well be hard to resolve—as indeed has Africa—by going ahead with rapid expansion of Euratom enrichment capacity. Private however, officials in London believe that Euratom and U.S. Administration will reach a face-saving accommodation.

MEN AND MATTERS

The beagles are relaxed

Maurice Hodgson admitted a few weeks ago that he was more than a little apprehensive about chairing his first annual meeting for ICI. He needn't have worried. Questioners at the Dorchester Hotel, London, yesterday stuck to the established routine for unsettling an ICI chairman: pin him down on smoking beagles, and before he recovers, take issue on South Africa.

The nearest the Christian campaigners against racism came to drawing blood was when Hodgson admitted that AECI, in which ICI has a 40 per cent interest, manufactures one of the chemical ingredients for CS gas, which is used in riot control. The company, formerly African Explosives and Chemical Industries, is the principal chemical and explosives group in South Africa. Its other major shareholder, also with a 40 per cent stake, is De Beers, which provides AECI's chairman in the form of Harry Oppenheimer.

Hodgson denied that ICI and AECI have any involvement in manufacturing munitions in South Africa and assured repeated questioners that to the best of his knowledge neither of the companies were conducting any research into nerve gas, tear gas or defoliants.

To cheers of approval from those shareholders who had come to hear more about profitability than tear gas manufacture, he declared that ICI exports to South Africa were worth £55m. last year, a trade that kept some 1,500 in work in the U.S.

Of the ill-fated beagles who have been testing the new smoking material developed by ICI at a research cost of some £8m, Hodgson reassured his audience that the dogs had not had



"We've had to double the guard to keep our chaps in!"

a smoke since the end of last year. He could not say whether the tests would be dispensed with altogether, but they were being reviewed by the Hunter Committee, the independent scientific body set up to consider the future of substitute tobacco. The beagles, he said, "are now living a relaxed comfortable existence."

Sing not the song

Herr Hartmut Rosaler is hardly a household name, but he is rapidly making his mark with West Berlin schoolboys. Horrified at their ignorance he has just had 20,000 copies of a poem distributed to 11-year-olds. "Unity and Justice and Freedom for the German Fatherland," it starts—and since this is the West German national anthem, Rosaler argues they should know it. The poem is in fact the third stanza of Von Fallersleben's "Deutschland über alles." The first stanza was banned by the

allies after the second world war, the second is hardly suitable for the task, with its references to German women, German wine and German song. Hence the use of the third stanza.

But if most West Germans have to mumble when singing their national anthem, that is one point at least which they have in common with the East Germans.

Across the border the post-war anthem starts "Resurrected from the ruins... let us serve you to our best, Germany, our united Fatherland."

Talk of re-uniting Germany is of course taboo in these days of confusion about just what to sing. So do not be surprised if, when the East Germans win their usual batch of gold medals in Moscow and their anthem is played, their lips are sealed.

Flushed out

It is gratifying to learn that there are still men in our nationalised bodies eager to pursue their business into every nook and cranny. On my desk is a letter (unopened) addressed to "The Occupier, New Public Convenience, Gwytherin, Abergale, Clwyd." It looks suspiciously like a bill, and comes from the Merseyside and North Wales Electricity Board (known as Manweb up in those parts). Presumably because the local postman was unable to find an occupier—even a transient one—or an appropriate letter box, the Manweb missive was passed on to a reader named Mackeson-Sandbach. He sent it on to me, as being a matter of public interest.

I asked how it came to him. Far from being "The Occupier" in Abergale, Mackeson-Sandbach is to be found in Hanover Terrace, N.W.1. It seems that he once gave some land in the locality for public use; so he

has become the last resort for Manweb's demands. Well, full marks for trying. I am sending the letter back to the Board's headquarters—and wonder who they will try next.

Shop flaws

"Details are required of weaknesses in security systems being operated in shops and stores"—so the appeal in a union newspaper reads. If that sounds like an invitation to crime, the rest of the appeal is more prosaic. It is a carefully phrased call for information to help the Union of Shop, Distributive and Allied Workers protect its staff from violence.

Ken Edwards, who wrote the appeal for Dawn, would not tell me what the response has been, but he promises a report will be written for members and shop owners. This, he assured me, would completely divorce the security weakness from its location.

He was keen that staff who complained that they were unprotected by security arrangements should not be identifiable. "It is a hot potato," he said and hoped that, though no names would be mentioned in the report, shops will act "if the cap fits."

Local knowledge

A reader recently in the bar of a Belfast hotel was alarmed by the sound of what was undoubtedly an explosion. "That was a bomb, wasn't it?" he asked the barman. "Not to worry," came the reply. "If it'd been as near as it sounded I'd have been a damn sight louder."

Observer

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A test for fair-weather monetarism

RUSS over the Budget in now that reserve crises appear to have been averted. It is unlikely that the Treasury establishment will be able to achieve its targets as set by the Budget. The Governor of the Bank of England, in his recent Maitland lecture, explained the working of the "self-imposed constraint" — argued that its apparent rigidity was its great advantage.

He said: "We should be wary of over-reacting to changing circumstances, and of being over-active in economic management. . . . The layman's impression of the broad relationship between monetary growth and inflation — clearer perhaps to him than to the professional economist — may well make it easier to explain and justify the measures necessary to achieve stability. . . . We need a basis of public support and action of the limits in prudent understanding. Furthermore, targets can provide a useful trigger for more expeditious policy decisions."

This is a very respectable and very British view of the purpose of monetary policy. The whole growth of monetary analysis in the City has been a response to the monetary growth and more reliable guide to the future than forecasts made in "real" terms, and if this is true, then an important role of monetary policy is to interpret these monetary signals to the market. However, it would surely surprise monetarist to learn that this was the main purpose of monetary policy; they suppose that checking monetary growth by itself will control inflation.

This view was rejected explicitly by the Governor. "I do not claim that monetary policy can or should be left to fight inflation singlehanded" — which is certainly the statement of a Friedmanite. The Chancellor implied the same judgment in his Budget speech when he suggested that the monetary targets might be lowered later in the year if inflation had meanwhile been reduced by other means. I have in the past described British policy as "unbelieving monetarism," and been taken to task for it; perhaps it is fairer to say that we have a policy designed as a warning system rather than as a control system. The implications are not quite as different as they may appear.

Any engineer knows that the requirements for a warning system and a control system are very different. A warning system has two modes — normal and alarm — and is required to flip from one to the other at the appropriate time. A control system must work smoothly, rather than by a constant alteration between acceleration and braking. Instability is a positive advantage in a warning system, but an unstable control system makes for a rough ride.

The succession of booms and crises which has dominated our financial markets ever since monetarist control became important says more than any amount of analysis about the kind of system we actually have. The result, as one leading broker likes to say, is that the British gilt market is a place for men with strong gambling nerves; equities, by comparison, are for widows and orphans (or at least may be said to have



Sir Douglas Wass, the Treasury's Permanent Secretary, and Mr. Gordon Richardson, Governor of the Bank.

become so since stock appreciation relief was brought in). This situation is almost uniquely British. In other countries, with different approaches to monetary policy, bond markets have remained relatively stable unless monetary policy itself has come badly adrift, as happened in the U.S. in 1977.

Unstable interest rates are not in themselves a condemnation of any given policy; a monetary target implies a willingness to ration credit by prices. However, when they are combined with very unstable monetary growth, something does look amiss. Monetary growth in Britain seems to have been as often outside the target range as within it — too fast in the summer of 1976 and the winter of 1977, too slow at other times.

This performance — which

readers, requires the introduction of some security which will sell when confidence is low and inflation fears inflamed — something with a basis in real values, be it the cost of living or some other index, the growth of productivity (an ingenious Treasury idea), the price of North Sea oil or, as in France, of gold or electricity.

There are some signs that the authorities — resigned to the fact that in present markets they can no longer finance the public sector at negative real rates of interest (cheating savers is a bad but deeply ingrained official habit) — may now be more open to this kind of proposal. The question then arises: what is the purpose of a monetary target if its achievement does not always "provide a trigger for more expeditious policy decisions"? In other words, can monetary control after all achieve something single-handed?

The answer to this goes straight to the root of the question: why monetary policy has become such a binding constraint on this or any alternative Government: the exchange rate. As has been demonstrated vividly in the past few weeks, monetary control has everything to do with exchange rates in a floating market. In the U.S., where policy has been tightened, with a sharp rise in interest rates, the dollar has stabilised — although there are still no signs of action to reduce the current deficit. In the U.K., a burst of excessive monetary growth has pushed sterling down equally sharply.

These events might suggest that credit policy has an all-pervasive influence on exchange

rates; and if this were so, then monetary control would be a highly effective weapon against inflation. A high exchange rate, through favourable terms of trade and the disciplines of foreign competition, is a powerful deterrent to inflationary behaviour; a low one encourages it. However, there are sharp disagreements both over what is desirable and what is possible in the real world.

Exchange rate policy, like monetary policy itself, can be more or less accommodative, and this has been the subject of the sharpest disagreement between the Bank of England and the Treasury about actual policy decisions. The Treasury, which has been actively lobbied by the CBI to lower the exchange rate to preserve competitiveness, gets worried when the rate is seen as excessively high. The Bank probably has more faith in the ability of the economic system to adapt to an apparently ambitious rate; but it is especially worried about the possibility of losing control of the growth of money and of the exchange rate.

The trouble is that weakness in the exchange rate can easily provoke a demand for bank credit which was not there before, as companies trading internationally decide to hedge or even to indulge in profitable speculation. And the Bank of England's direct control over bank lending — the expansion of domestic credit — is also something of a fair-weather system. The most powerful weapon, a call for special deposits, actually tends to induce money and credit in the short run as the banks bid for resources. The favoured alternative, the "corset," may well do almost as

Anthony Harris

Letters to the Editor

Advances for buildings

Mr. D. Hemm. Both in recent revisions to the tax system and in state-of-the-art, the Chancellor, Mr. Healey, has indicated his intention to allow for increases in building costs. Such time as we have, a long time, to accept a method of accounting, I would suggest, another measure which is easily implemented to valuations. In the past, valuations would be changed at the end of the year, and allowances given only in the construction, which is a change which could be made without affecting the inland revenue. It would be a real benefit to business, though predominantly smaller businesses, as it would be the who buy older houses, and one which the community should press.

Japanese venture

From Mr. W. Whalley. Sir, Your report (April 14) that a leading Japanese manufacturer of crawler-tractors and earth-moving equipment is contemplating setting up in this country, is surely one of the most significant developments in recent times.

A view of Moscow

From the Managing Director, The Charterhouse Group. Sir, — One was very heartened to see, in your issue of Monday, 17 April, that such places as Moscow and Kiev are listed as holiday resorts but apparently it was only that your column headings "Holiday Resorts" and "Business Centres" were transposed. Even assuming the correct listing of your temperature charts, one would still hesitate to regard Moscow as a holiday resort!

Unclaimed dividends

From the Chairman, Esports Shipping Co. Sir, — I would like to draw your attention to a great hardship experienced by a certain body of shareholders which reflects unfavourably on the secretaries and/or registrars of a great number of public companies.

The burden of direct tax

From Mr. S. W. Duggan. Sir, — While I have every sympathy with the Liberal Party's wish to transfer some of the tax burden from direct to indirect taxes I must take issue with Mr. Jack Campbell's assertion (April 17) that over 80 per cent of Government revenue comes from personal income tax.

Local authority changes

From the Chairman, Association of District Councils. Sir, — I was surprised that the letter (April 15) from Mr. Norman A. Ben, the leader of Southampton City Council, should contain a glaring inaccuracy.

M-way service areas

From Mr. B. Clarke. Sir, — I hold no brief for Egon Ronay, some of whose inspectors would appear to have odd tastes, but would agree almost entirely with his reports on motorway service areas. Indeed he has not jumped on any bandwagon, having to my knowledge made a successful living by reporting on dining facilities throughout the U.K. for a number of years.

Multinationals and avoidance

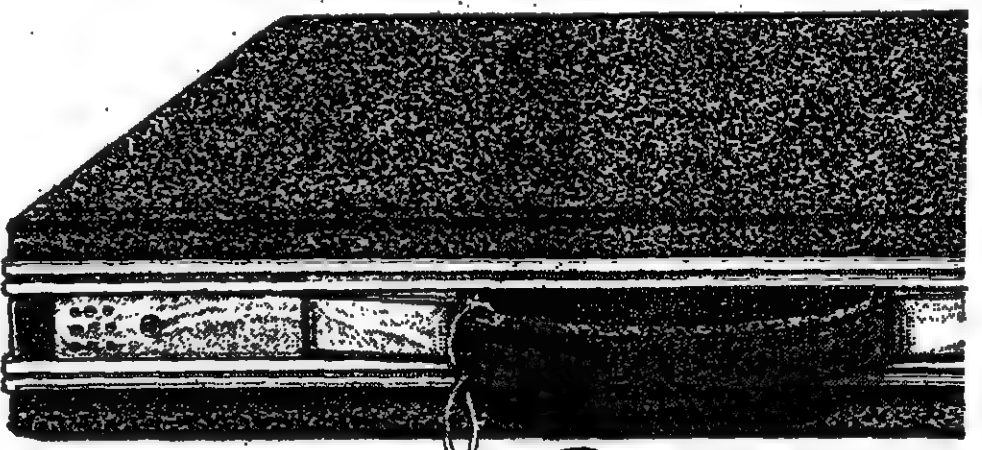
From Mr. R. Balf. Sir, — The principal objection to a unitary tax system appears to be that it makes it more difficult for multi-national companies to avoid tax liabilities. Is this a bad thing?

Our first invoice

From the European Chairman, Roots. Sir, — As chairman of a small multinational company, my recent experience with our British company sheds some small light on some of Britain's problems in competing with other countries.

To-day's Events

- National Farmers' Union Council meets.
- Mr. John Greenborough, CBI president, is guest speaker at American Chamber of Commerce luncheon, Savoy Hotel, W.C.2.
- National Council Board annual report.
- Mr. Teshio Doi, president, Federation of Economic Organizations (Kaidanren), heads nine-member team for two-day talks in Brussels with Union of Industries of the European Communities (UNICE).
- Building workers' pay talks resume.
- Scottish TUC conference continues, Aberdeen.
- Mr. Malcolm Fraser, Australian Prime Minister, ends two-day economic talks in Tokyo with Mr. Takeo Fukuda, Japanese Premier.
- Lead Industries (full year), Selection Trust (full year).
- COMPANY MEETINGS: Blagden and Noakes, Connaught Rooms, W.C.2, 12. Camelia Investments, Grosvenor House, W.1, City and Foreign Investment, 117, Old Broad Street, E.C.2, 2.30. Clay (Richard) and Co., Waldorf Hotel, W.C.2, 12.15. Gidzinski and Lewis Fraser, Altrincham, 10. Rail Engineering, Dorchester Hotel, W.12. Rolfe-Royce, Churchill Hotel, W.12. Tate of Leeds, Leeds, 13. Turner and Newall, Manchester, 12. Woodhouse and Rixon, Royal Victoria Hotel, Sheffield, 11.45. Yorkshire Chemicals, Leeds, 12. Yule Catto, 1, New Bond Street, W.1, 12.



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Your international connection

Importance of exports

From the Managing Director, Automotive and Engineering Products, Bridge Road, Maylands Heath, Sussex. Sir, — Your report (April 14) that a leading Japanese manufacturer of crawler-tractors and earth-moving equipment is contemplating setting up in this country, is surely one of the most significant developments in recent times.

A feasible investment

From the Chairman, Macintosh Consultants Co. Sir, — In his otherwise excellent review of the current state of the European microelectronics industry, Mr. Healey (April 17), Mr. Wilkinson makes one statement which, I believe, could be seriously misleading if allowed to go unchallenged. It is the claim that "a programme of all-out attack on mass-produced American components would cost some \$500m."

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COMPANY NEWS + COMMENT

Bestobell ahead by 19% to £5.49m.

ON SALES 10 per cent higher at £5.52m, pre-tax profits of Bestobell, the international engineering and chemical products group, advanced by 19 per cent from £1.61m to £5.49m in 1977.

In September, when reporting a marginal first-half profits rise from £2.58m to £2.73m, Sir Humphrey Browne, the chairman said the second half should show an improvement.

Full-year earnings are shown at 25.3p (21.4p) per 25p share and, as promised, the dividend total is lifted from 8.5278p to the maximum permitted 9.4339p net with a final of 5.2979p.

	1977	1976
Group sales	\$5,520,000	\$5,020,000
Profit before tax	£5,490,000	£1,610,000
Tax	234,000	1,530,000
Net profit	5,256,000	1,080,000
To minority	144,000	120,000
Attributable	5,112,000	960,000
Extending loss	850,000	957,000
Attributable	2,250,000	3,410,000
Pre-tax	15,000	15,000
Interim Div.	450,000	450,000
Dividend final	4,987,900	8,070,000
Revised	991,000	3,470,000

* Reinstated Profit.

Extraordinary items comprise exchange loss on brought forward £739,000 (£523,000 profit), reduction to market value of interest in associated companies in India £126,000 (£138,000), and miscellaneous profits £11,000 (£38,000 losses).

Sir Humphrey now reports that the improving trend of the U.K. subsidiaries has been sustained and that overseas have recovered from the set-back in 1976.

comment

The change in the accounting period for Bestobell's overseas companies allied to wide fluctuations in sterling over the past two years makes it difficult to draw firm conclusions from the latest profit figures. However the 1977 earnings show a firm improvement on the previous year's restated figures following a particularly poor performance overseas—especially in South Africa—in the second half of that year. Since then the group has cut back its operations in South Africa and profits from that country improved by around £1m last year despite a still very depressed economy. Elsewhere overseas, margins have generally improved although there are still one or two rough spots: in Central Europe and in Singapore (whose future is now in question).

The growth, however, has come in the U.K. where sales are up 26 per cent, against a world-wide sales rise of only 10 per cent. Pre-interest profits in the U.K. rose by 39 per cent to £3.3m, and the U.K. contribution to profits increased from 43 to 49 per cent. The group is largely involved in the manufacture and merchandising of various pipeline equipment (valves, valves etc.) to an equally varied range of industries and while margins and control of overheads have clearly improved, the underlying trading picture remains flat. Prospects for short term growth therefore may be limited, although an increasing involvement in the U.S. may help. Meanwhile the shares at 154p yield 9.7 per cent. The p/e is 6.3.

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Advance by Astbury & Madeley

TURNOVER for 1977 of Astbury & Madeley (Holdings), the steel stockholding and distribution concern, rose from £5.34m to £6.82m, and profits increased from £534,434 to £781,817, subject to tax of £519,733 compared with £295,450.

In October, reporting first half profits ahead from £212,000 to £275,000, the directors said that full year figures to be as high as last year's for 1976.

Full year earnings are stated at 9.98p (6.42p) per 5p share and the dividend total is raised from 1.0435p to 1.1544p net with a final of 0.788p.

Plantation has difficult first quarter

The first quarter had proved to be a difficult period for the company, but for some years, said Mr. Kenneth. Cork, chairman of Plantation Holdings, at the AGM yesterday.

In Malaysia, crops had been low owing to climatic conditions and in the U.K. the falling off in growth of incoming orders which had its effects on sales in the first quarter.

Some aspects of the lower performance could be attributed to exchange rate changes affecting the competitive position of those operating units which export more than half their production. Incoming orders were again moving up however but Mr. Cork said it would be inappropriate to make a firm forecast at this stage.

He added that it was still too early to make any further comment on the position in regard to the possible reorganisation of the

company to provide shareholders with a direct interest in the Malaysian operations. It seemed unlikely that any further announcement would be possible until early summer. Meanwhile, it had not been possible to complete further acquisitions of appreciable size.

Mr. Cork reminded shareholders that it was the company's intention to pay a special dividend of 0.66p net in August. If dividend restraint was relaxed after the end of July, a further interim and final dividend will be paid in respect of 1978.

£0.18m fall at Hoskins and Horton

WITH A sharp decline in results from its hospital equipment, contract furniture and light engineering subsidiary, Hoskins, pre-tax profit of Hoskins and Horton fell from £790,313 to £607,488 in 1977.

Turnover for the year edged up from £7.52m to £8.0m, and the result is subject to tax of £228,184 (£418,848), which is reduced by £73,437 for relief of past losses against 1976 profits.

Directors say Hoskins experienced reduced demand for its products during a large part of 1977. But its order book is now much improved and other group companies are trading at satisfactory levels.

They are confident that 1978 results will show an improvement. The 1977 results include an exceptional credit of £137,710 and earnings per 20p share are shown at 16p (15.8p). A final dividend of 3.55p net makes a total of 5.17p (4.98p).

At half-way profit was £108,000 higher at £373,300 and a short-fall on full-year net profits was anticipated.

SURMAH VALLEY TO PAY 6.6p

Surmah Valley Tea has received

Decline at United Carriers

AS EXPECTED, pre-tax profit of United Carriers shipped from £2,358,506 to £2,249,247 in the year to January 28, 1978. Turnover rose from £14.37m to £17.24m.

At half-way, when profit was down from £1,330m to £1.2m, the directors said that although there were recent signs of increased activity, they did not anticipate full year figures to be as high as 1976-77. Profits for the second half rose by £20,000 to £1,050m, compared with the same period in 1976-77.

After tax of £537,266 (£594,974) earnings per 10p share are shown at 13.1p compared with 11.9p.

A final dividend of 1.6238p makes a total for the year 2.3141p net (2.0943p).

The 1978 figures have been adjusted to exclude deferred tax, and the £1.49m provision in accounts has been reclassified as reserves.

comment

United Carrier's pre-tax profits fell 5 per cent, last year largely as a result of a shortfall in the first half, which was hit by the downturn in consumer spending and higher overheads including additional vehicle excise duty and road fuel tax. Two rates increases during the year—7 per cent in February and again in October—mean that there was virtually no volume growth during the period. However, the company says that there was a late build-up towards the end of the second half and early this year. And with rates likely to be maintained at current levels until July, UC appears optimistic of improving margins following a reduction of more than 3 points last year. The shares rose 4p yesterday to 60p which leaves a p/e of 4.5 and a yield of 6 per cent.

SHARE STAKES

Aquila Securities—Mr. H. C. Quinton, director, disposed of 20,000 shares at 19p on April 12.

I. D. and S. Rivlin Holdings—Mr. N. J. Chubani, who is acting in concert with Mr. A. Sagami, has acquired 30,000 Ordinary shares which will be registered in the name of Messrs Foreign Nominees.

Dixons Photographic—Mr. J. Horal, director, has disposed of 108,428 Ordinary shares.

Encyclopaedia Pulp Mills—The Island and South American Paper Co. now hold 1,014,422 Ordinary shares (27.3 per cent.).

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding payment	Total for year	Total last year
Astbury & Madeley	0.77	June 13	0.69	1.16	1.05
Bestobell	5.29	May 31	5.22	9.44	8.53
Bradwell (F.M.S.) Rubber	1.7	June 14	1.25	1.7	1.25
Brooks Group	2.0	July 4	1.75	3.4	3.01
G. M. Callender	0.72	July 3	0.65	1.32	1.1
Delta Metal	3.2	—	2.67	5.02	4.49
Garnar Scotland	2.75	July 3	1.75	4.5	3.25
Kellogg Gills	1.48	—	1.25	2.2	1.97
Hoskins & Horton	1.62	May 22	1.02	3.17	2.84
Kraft Productions	0.33	June 7	0.23	0.85	0.62
Kuala Selangor	6.6	—	0.59	0.65	0.1
Long & Hamby	0.45	—	0.4	—	—
Wm. Low	1.45	May 26	1.65	1.65	1.44
John Menzies	1.19	—	1.06	2.25	2.12
Moorhouse & Brook	4.22	June 15	3.71	4.29	4.38
Patani Para Plantations	int.	—	—	—	—
Royco	0.37	June 5	0.37	—	—
Secs. Trst. Scotland	3.85	June 26	3.4	6.1	5.4
Sun Life Assurance	1.71	July 3	1.53	—	—
United Carriers	1.63	—	1.46	3.31	2.99
Wade Potteries	0.37	May 12	0.31	1.37	1.29
Weeks Associates	0.28	July 3	0.28	—	—

Dividends shown per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

J. Menzies reaches £4.74m.

Turnover for the year to January 28, 1978, of John Menzies (Holdings) advanced from £14.1m to £16.68m, and pre-tax profits reached £4.74m, compared with £3.1m in February the directors estimated £16.68m and £5.65m, respectively.

At mid-way the profits rise was from £2.26m to £3.86m. (£2.02m (£2.44m) adjusted), full year earnings are shown at 19.0p (21.4p) per 20p share. The dividend is the maximum permitted 2.3485p (£2.185p) net, adjusted for the one-for-one scrip issue, the final payment being 1.185p.

The directors say that results for the first eight weeks of the current year are on budget and indicates a further increase in profit for the year.

The group operates as wholesaler and retailer of newspapers, booklets and stationery.

comment

Menzies has beaten the pre-tax profit forecast made two months ago at the time of its Christmas 1977 company reports that all is going to plan in the current year despite the wholesaling strikes that have disrupted newspaper deliveries. Pre-tax profits are envisaged to be maintained for many months. The group's many factories and markets saw milling, woodworking, grain milling and cereal processing machinery, mechanical and pneumatic conveying and ancillary equipment.

As reported on March 18, pre-tax profits rose from £0.86m to £1m in 1977 on turnover of £6.6m (same).

Exports once more increased in value by nearly 11 per cent, and a large proportion of the U.K. companies' production was exported. Home trade activity was depressed and a slow recovery in the latter part of the year arrived too late to be of much assistance. Both turnover and profit have been greatly assisted by significant contributions from the home and overseas subsidiaries.

The overseas companies are a vital link in marketing the U.K. companies' products and without assistance from them, especially when the home market is depressed, results would not have been as satisfactory. Meeting, Rochdale on May 10 at noon.

Ibstock chief strikes bright keynote

Prospects of Ibstock Johnson look bright, with Mr. Paul Hyde-Thomson telling members in his annual statement that the directors will be disappointed if 1978 results overall do not show a useful advance over 1977, a year when pre-tax profits climbed by some £0.6m to a record £4.32m. He says that in the U.K. some upturn in activity is materialising and while there are no plans for any large increase in the company's production the directors are expecting to once again increase despatches and effect some decrease in the company's relatively high level of stocks.

IN BRIEF

ENGLISH AND SCOTTISH INVESTORS—Results for year to January 31, 1978 reported February 21. Quoted investments at valuation—Great Britain £13.97m, (£10.2m), abroad £2.2m (£1.2m). Total quoted at directors' valuation £259,376 (£163,537). Net current assets £1.51m (£1.52m). Dividend 2 p. May 15. AGM on May 19 at 2.30 p.m.

CORAN (manufacturer and distributor of knitted clothing and fabrics) results for 1977 reported March 16 with comments on prospects. Fixed assets 7.4m (£2.5m). Net current assets £3.9m (£2.25m). Increase in net liquid funds £766,000 (£262,000). Meeting, Leicester, on May 11 at noon.

JAMES WILKES (household farm products, etc.)—Results for 1977 reported March 16. Group fixed assets £1.1m (£1.21m). Current assets £3.56m (£2.65m). Current liabilities £1.14m (£1.19m). Changes in the method of accounting as proposed in ED10 are presently under discussion. Adjusted pre-tax profit for 1977 is shown at £262,000, after depreciation based on cost of replacement, cost of sales and relation to stock construction based on replacement cost at time of sale, and net monetary assets. Management says that these declines in real terms.

On prospects Mr. W. J. Wilkes, chairman, says he is confident that further improvement in profitability will be forthcoming to give a continuation of steady progress. Meeting, Wolverhampton, on May 22 at 2.30.

KRAFT PRODUCTIONS (furniture) turnover for 1977. Profit £7,441 (£2,001) after tax (£18,111 (£23,073)). Earnings per 10p share 8.74p (12.50p). Final dividend 0.52p net, making 0.89p (1.29p).

MEERWATTS TRADING (textiles) shown at £242,000, after depreciation based on cost of replacement, cost of sales and relation to stock construction based on replacement cost at time of sale, and net monetary assets. Management says that these declines in real terms.

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NATIONAL ELECTRIC CONSTRUCTION—Income for 1977 reported April 5. Group fixed assets £1.54m (£1.94m). Net current assets £1.54m (£1.39m). Year-end net liquid funds up £45,000 (£2,300). At March 31, 1977, the group's net liquid funds were £14,677. Group turnover for 1977 reported March 3. Current deposits and other accounts £81,710 (£18,900). Dividends (including £1.18m (£235,240)). Meeting, Belfast, on April 13 at 12.30.

ISSUE NEWS AND COMMENT

Horizon Midlands to raise £1m.

Horizon Midlands proposes to make a rights issue of 1,400,000 Ordinary shares on the basis of one-for-three at 72p to raise about £1.06m. The issue has been underwritten by Hill Samuel while brokers are Smith Kean Cutler.

Accompanying the rights announcement are the figures for the year to November 30, 1977. These show profits at £182m, against turnover of £20.69m. (£16.95m). A final dividend of 2.25761 has been recommended making a total of 3.17493p equivalent to a gross dividend of £407,47p.

Confirmed bookings for the current year are 65 per cent higher and winter holidays were up by 34 per cent. On this basis profits are expected to easily beat the record level of £1.7m, pre-tax achieved in 1976-77. Board would expect to pay dividends totalling 8.55p gross on the enlarged capital.

Turnover for the year to January 28, 1978, of Horizon Midlands advanced from £14.1m to £16.68m, and pre-tax profits reached £4.74m, compared with £3.1m in February the directors estimated £16.68m and £5.65m, respectively.

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Wm. Low downturn hopes to pick up

TURNOVER for the 26 weeks to March 18, 1978, of Wm. Low and Co. expanded from £24.77m to £32.39m, but profits fell from £750,791 to £519,817 after interest of £108,654 against £58,178. Tax taken £322,527 compared with £390,411.

The directors say that the remainder of the year will continue to present difficulties for the retail trade, but turnover performance is excellent and even a 17 per cent increase in volume increase of 18 per cent in the first half. The interim dividend is held at 1.68p net per 20p share. Last year's final was 2.835p.

The company operates 65 retail supermarkets and fraser centres in Scotland.

comment

After its buoyant results last year, and a promise of at least modest growth this year, Wm. Low and Co. expanded from £24.77m to £32.39m, but profits fell from £750,791 to £519,817 after interest of £108,654 against £58,178. Tax taken £322,527 compared with £390,411.

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Industry needs more freedom to create Britain's future wealth

Mr Maurice Hodgson, Chairman of ICI

Addressing stockholders at the 51st Annual General Meeting of Imperial Chemical Industries Limited, held in London on Wednesday, 19th April 1978, the Chairman, Mr Maurice Hodgson, said:

"In welcoming you to this, the 51st Annual General Meeting of Imperial Chemical Industries Limited, may I first say how honoured I am to be here for the first time as Chairman. And may I also mark the occasion by paying tribute to your outgoing Chairman, Sir Rowland Wright, who, with Lady Wright, is with us today. While Sir Rowland is now a deserving pensioner of ICI, he will not be retiring from business life altogether. I am sure you will wish to join me and my colleagues in thanking Rowland for all he has done for ICI during his most distinguished career lasting over forty years, and in wishing him and Kath all possible happiness in the future."



I would like to remind you of two Board appointments referred to in the Report—the election of John Harvey-Jones as a Deputy Chairman and the appointment of Lord Thomson as a Non-Executive Director. John has been on the Board since 1973 and has been particularly concerned with fibres, textiles and our interests in Continental Western Europe. We are delighted that Lord Thomson has been able to join us. His experience in public life will be of great value to the Company.

In his address last month to the Royal Society of Arts, Sir Rowland Wright said: "Industry needs more freedom and less bureaucracy; individuals need more freedom and a fair reward for the uninhibited and imaginative use of their talents and skills." I agree wholeheartedly with that sentiment and would like to develop it further, since it is highly relevant to your Company and its operations.

The meaning of freedom

"Freedom" means different things to different people. For us in industry, freedom must mean the creation of an environment in which we can responsibly generate the wealth on which the future living standards of all of us depend. It is vital for a company in a competitive world which does not owe it a living to be free to act: to be able to get ahead and keep ahead of its competitors. Government needs to understand our problems. It needs information and co-operation from us to help it provide the right framework in which we can operate effectively. But experience has shown that Government intervention in the running of industry causes more problems than it solves. A particularly worrying example recently has been the attempt by Government to use its purchasing power in Government contracts to enforce compliance not only with the present incomes policy, but also with possible future incomes policies, as yet undefined, with a Minister assuming the roles of judge, jury and executioner. We fully support the Government's attempts to reduce the rate of inflation, but we find the principles behind this use of Government contracts particularly threatening. Moreover, Government intervention generally increases administrative costs, diverts effort from the main task of running the business, reduces profitability and confidence, and hence our ability to expand and modernise the business.

But by freedom I do not mean 'laissez faire' or freedom to ignore our wider social responsibilities. The Annual Report shows clearly where we stand as a socially responsible company, concerned about employee participation, committed to safeguarding the environment, and aware of our obligations to the communities in which we operate. In all of these respects we would wish to be judged by the highest standards.

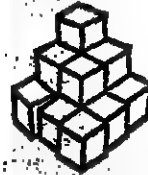
World economy in 1977

Let us now take a closer look at the events of 1977 and see how ICI fared in the far from easy conditions of that year. A major problem was the failure of the world economy to sustain recovery after the first quarter except, to some extent, in the United States of America. Trade was sluggish, and unemployment remained high.

In the chemical industry over-capacity depressed prices, especially in Western Europe, where fibres were again badly hit by the continuing high level of imports of low priced textiles, especially from the Far East. Products allied to the textile trade, such as dyestuffs, also suffered. Slackness in the construction and consumer durable industries adversely affected plastics which, like fibres, depressed petrochemicals.

In the United Kingdom, particularly in the second half of the year, there was little economic growth, despite the benefits of North Sea oil, and by the end of the year the growing strength of sterling was seriously affecting United Kingdom competitiveness by reducing profit margins on exports. It is clearly desirable that the value of sterling should realistically reflect the relative competitiveness of the United Kingdom economy.

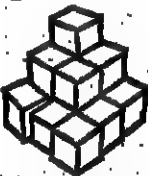
In making this comment, however, I am not advocating devaluation of sterling as a mechanism for maintaining the competitiveness of our exports. The real problem is the need to improve productivity in this country, and we in ICI do not seek to be relieved from our share of this task by a sinking pound or, indeed, in any other way.



Productivity and performance

ICI has made substantial progress in improving its productivity in recent years. Our sales per employee by volume—that is after allowing for the effects of inflation—have been improving at something like 10 per cent per annum. But our international competitors have been improving too, and it is the difference between our rate of improvement and theirs which counts. It is evident that we cannot afford to relax our efforts when the best of our German competitors still turn out one third more per employee than we do; and the best of our American competitors 50 per cent more. Productivity improvement is a task for our overseas operating units too, but a major effort needs to be made in the United Kingdom where over 90,000 of our 154,000 employees work. Improvement in productivity involves many people and my role as Chairman is to ensure that it is carried out.

So 1977 was a relatively disappointing year, but not a discouraging one. Overall, ICI was less adversely affected by low economic growth than most of its major competitors. There were record sales of ammonia. Demand for fertilizers was strong. There was rapid expansion, too, in polyurethanes, pharmaceuticals and industrial explosives: products and businesses very different from each other, but giving support overall and demonstrating the advantages we derive from a diversified product range and a wide territorial spread.



Flexibility the key

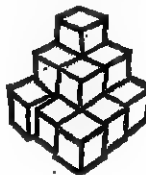
The year also marked some important new product developments, notably the introduction of new ranges of 'Procion' dyestuffs, which offer substantial improvements in efficiency in the printing of polyester/cotton blended fabrics, and the introduction of an important new insecticide in the United States, which we have developed under licence from the National Research Development Corporation.

Products developed for new business areas have also made encouraging strides, in particular protein animal feed, 'Saffil' inorganic fibres for furnace insulation and 'Impatone', a new treatment to reduce costs in wood pulping developed by our subsidiary company Canadian Industries Limited.

Our flexible approach to production and marketing policies has also borne fruit. Vulnax International, our joint venture with the French chemical company, Rhone Poulenc, which manufactures and sells chemicals for the rubber industry, has started well. This venture combines the separate businesses of the two companies, each of which was too small to be fully competitive in world markets.

We have been prepared to withdraw from areas which, even though profitable, no longer fit in with our objectives and aspirations as a chemical company. A major parting of the ways thus came about with the sale of our stake in Imperial Metal Industries. We wish them well in their new fully independent role.

Our territorial spread helped significantly to offset the effects of economic sluggishness in Western Europe. In Australia, plants were operating almost at full capacity. In the United States of America sales were up 20 per cent. India has maintained its contribution to the Group, despite difficult business conditions. Enterprising selling in China, where sales were up by 28 per cent, brought its rewards, as did our efforts in Eastern Europe, where sales also increased.



Vigorous sanctioning programme

Viewed solely in the context of 1977, our long term investment plans may appear surprisingly optimistic. You will see from the Annual Report that we authorised about £800 million of fixed capital investment in 1977, more than half of it in the United Kingdom, and it is our present intention to authorise a similar amount of investment this year, despite the disappointing results in the second half of 1977. How do we justify this? To avoid over-reacting either to prosperity or adversity, we base our plans not on a single year's results but on something like a five year view. We are able to bridge the gap between our current profitability and our present level of investment by drawing on our cash resources, which have been supplemented by our United Kingdom rights issue in 1976 and by various new loans, including the Euro-dollar convertible issue last year and the second United States public bond issue which raised \$175 million in January of this year. These resources have, of course, been further augmented by the proceeds of the sale of our shareholding in Imperial Metal Industries to which I have referred. There is a

clear need, however, to keep our plans under review, because unless we can improve our profitability quite soon we will be unable to sustain the level of investment we need in order to achieve our strategic objectives.

The cornerstone of our investment planning is to establish world-scale plants where they are needed. That is why we pushed our sanctioning programme vigorously forward last year, to include a £90 million terephthalic acid plant and a £35 million fertilizer and nitric acid plant on Teesside; a £27 million chlorinated solvents plant on Merseyside; a £15 million dyestuffs plant at Grangemouth in Scotland, and a £12 million packaging film plant at Dumfries.

Our plants must also be in the right place. We need to have ready access to the market, with low distribution costs and short delivery times. It is also our proven experience that a manufacturing presence in a country creates local confidence, which not only increases our sales from that location but also our exports from the United Kingdom. Even in a poor year like 1977, the value of total sales in Continental Western Europe increased by 8 per cent to £855 million, and over half were exports from this country.

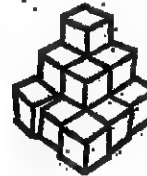
Our parallel plans for United Kingdom and overseas investment have, therefore, also included the first stage of a £150 million manufacturing complex at Wilhelmshaven in West Germany to make chlorine and related products; a major £51 million extension to double chlorine output in Canada; a £37 million polypropylene and £25 million PVC plant for Australia. The year also saw the commissioning of the £30 million herbicide plant in Texas.

In our long term planning, we must also consider the timing of plant construction. With the chemical industry growing more slowly now, the cost of an error in timing is no longer so quickly offset by the growth of the market. Lower growth also means that a greater proportion of our investment will go towards improving or replacing existing plants and somewhat less towards expansion. We intend to enter the 80's with the most efficient and up-to-date plants, using the best technology available.



Research

This brings me to one of our fundamental resources: research. One of its prime functions is to develop new products, but another, equally important, is to improve existing products and processes by making better use of raw materials, using safer, more environmentally acceptable and cheaper processes. It is, for example, through efforts of this kind that from 1971 to 1977 the average energy used to make a ton of product fell by 18 per cent, mostly as a result of radical improvements in plant design. Nevertheless, no chemical company, however large, can invent all the new technology it needs. I assure you we have no inhibitions about obtaining new technology from outside ICI, provided it is the best.



People and wealth

But behind all the advances we make and the problems we overcome are the people who work in ICI. They are the most critical factor in determining success or failure. I have been talking with many of them in recent weeks, and

I have frequently been asked how we can reconcile our drive for improved productivity with our social obligations in times of high unemployment. Any compromise on productivity dulls a company's competitive edge and jeopardises the employment prospects of those already engaged in it. We may have to live with high unemployment for some time, because in an open economy there is no way we can grow much faster than the rest of the world without incurring a balance of payments problem. What is the alternative? To shut ourselves off by import controls, sinking into an East European style economy? Surely this is not the answer, though I would not necessarily rule out treating in an exceptional way manufacturers who import into the United Kingdom and other parts of the European Economic Community and who do not play according to the same rules as we do, especially the rules which are at present used to define dumping.

In looking at the unemployment problem, however, it is important not to expect too much from industry, which, after all, employs only one in three of the working population in this country. Even a successful chemical industry cannot directly create many new jobs. To do so artificially would lead to the industry's inevitable decline and fall sooner or later. The solution is not to protect jobs or to resist productivity improvements. It is to improve constantly the competitiveness and wealth producing capacity of manufacturing industry, judged by the highest international standards. That wealth will then permit and encourage the growth in the economy, which will lead to more employment in other industries. Applying this concept to ICI, we are, I believe, clearly stimulating more jobs, for example, in plant construction, in the service industries which supply us, and in downstream manufacturing businesses, as well as the communities in which we operate. The effect of this is to help to solve the problem created by there being fewer jobs in manufacturing industry.

Our primary responsibility is to be an efficient producer. But the unemployed, especially the young, can never be an abstraction to us in ICI, and we do what we can to help. For example, we strongly support the efforts of the Manpower Services Commission in relation to youth opportunity programmes. We are, in fact, employing 700 additional young people, which is at least 25 per cent more than we really need.



Resolution

I would like to refer to the resolution set out in the Notice of the Meeting. It asks for authority to place small amounts of ordinary stock in support of applications for listing on foreign stock exchanges, and for authority to issue in international markets foreign currency securities convertible into ordinary shares. This resolution is essentially a renewal of the authority given at each of our last five Annual General Meetings, but it now expressly recognises that the Board may wish to guarantee the issue, by a subsidiary, of securities convertible into ordinary shares of the Company, as well as issuing such securities directly. The only other change is that, whereas in previous years the authority to issue shares has been limited to 3 per cent of the nominal value of the Company's issued ordinary share capital, the present resolution increases that limit to 5 per cent. This is because the Board has in mind the desirability of being able to undertake in one year more than one financing operation like the convertible Euro-dollar bond issue of 1977, referred to on page 9 of the Annual Report. That issue was the only occasion that we have used the authority conferred on the Board over the last five years.



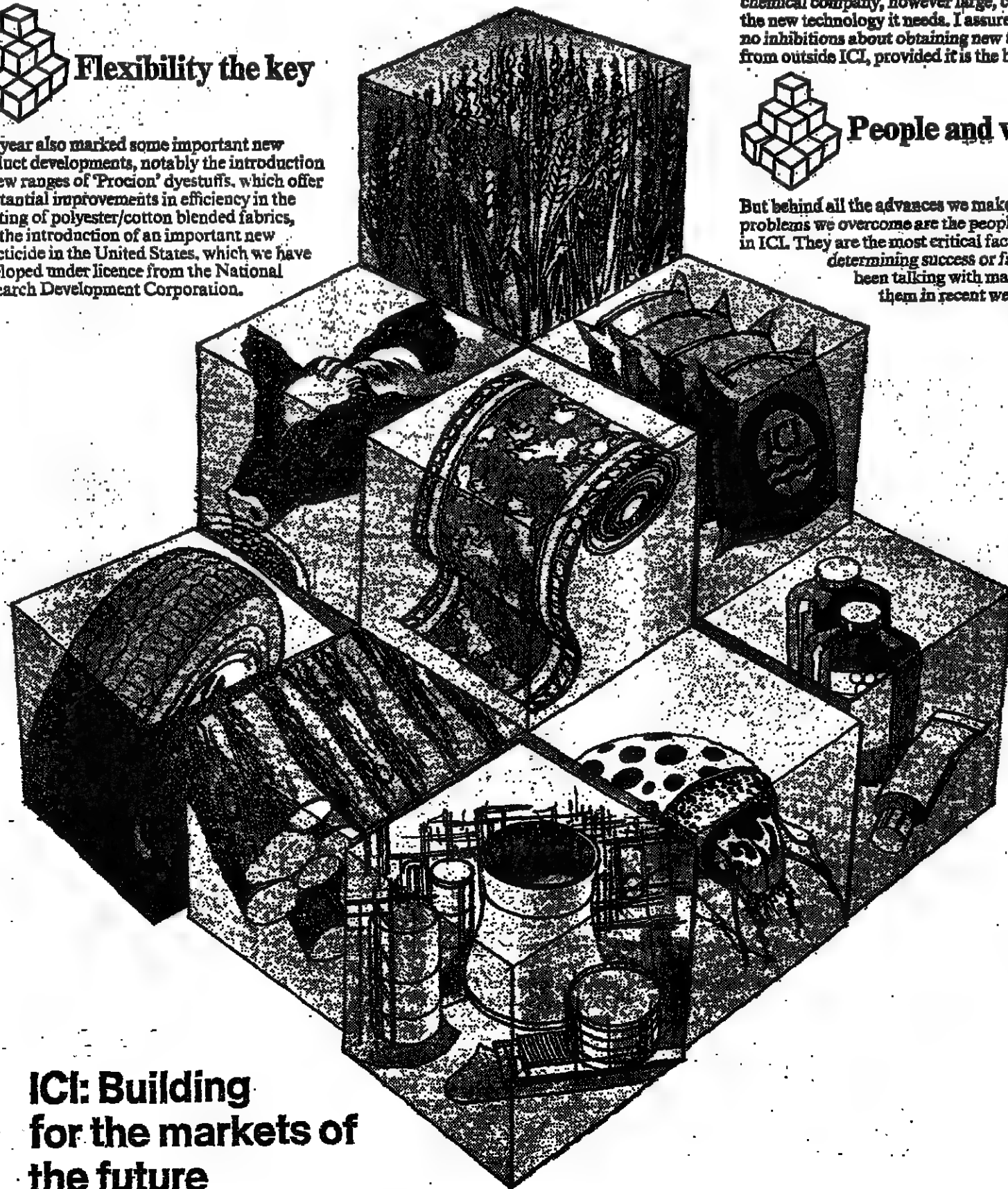
Prospects for 1978

Before I conclude, I know that you will want me to say something about prospects for the current year. At our Press Conference in March, we explained that the problems that arose from the disappointing level of demand in the second half of last year, and from over-capacity, were bound to carry over into 1978. We also said that we could not see any major improvement in world trade conditions occurring this year. At present, many of the problems we referred to are still with us, and there has been no significant change in the general economic outlook. In the United Kingdom and on the Continent, our sales in the early months of this year have shown a modest improvement compared with the worst of the downturn we experienced in the second half of last year. Particularly on the Continent, there continues to be fairly severe competition in some sectors, which is leading to price weakness. We see this weakness persisting until there is a significant reduction in the amount of under-used capacity.

I began by defining industrial freedom as the creation of circumstances in which industry can be free to act responsibly to build lasting prosperity. In ICI our aim is to foster that freedom, to build on it and to be fully aware of our social responsibilities. These are indivisible preconditions for meeting the challenges of the 80's. I am sure we shall match up to them."



ICI: Building for the markets of the future



The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with Limited Liability

Statement by the Chairman, Mr M G R Sandberg

at the Annual General Meeting of The Hongkong and Shanghai Banking Corporation held in Hong Kong on 14 April, 1978.



Mr M G R Sandberg, OBE, Chairman

Your Board of Directors and I are pleased to see how many of you have been able to attend this year's Ordinary Annual General Meeting and bid you welcome.

The Group Consolidated Profit for 1977 showed a rise of HK\$129 million or 33% over 1976 to HK\$522 million. This figure is as usual arrived at after deduction of the interests of outside shareholders in subsidiaries.

Profit of The Hongkong and Shanghai Banking Corporation - the Group parent - was HK\$428 million, a rise of HK\$72 million over 1976. This profit was arrived at after making such transfers and provisions as your Board considered proper and included dividends received from the following members of the Group:

The British Bank of the Middle East
Mercantile Bank Ltd.
Hang Seng Bank Ltd.
Wardley Ltd.
Wayhong Investment Ltd.
and various Trustee, Finance and Holding Companies. Profits in other subsidiaries were retained.

It is proposed to transfer the slightly higher amount of HK\$60 million to the published reserves. As already announced your Directors are recommending to this meeting a final dividend of HK\$0.47 a share. Including the interim dividend of HK\$0.18 paid in September 1977 this will result in a total distribution of HK\$0.65 for the year on the capital as increased by the bonus issue last year of one new share for every ten held. This compares with a total distribution of HK\$0.60 for 1976 on the old capital, an effective increase of 19% which I trust shareholders will find satisfactory. Again this year your Board feels able to recommend for shareholders approval at an Extraordinary General Meeting after this meeting a bonus issue of one new share for every ten held on 14 April. This further increase in the Bank's paid-up capital, if approved by you, will be achieved by capitalisation of approximately HK\$105 million from the published reserve fund and this amount will be restored by a corresponding transfer from the Bank's inner reserves, thus leaving undisturbed the undistributed profits.

Your Directors are confident of being able to recommend dividends of at least the same amount of HK\$0.65 for the current year and on the proposed increased capital. Protectionism has been resisted better than might have been expected (in spite of Hong Kong's experience in the Textile negotiations with the European Economic Community) but it remains a danger so long as high rates of unemployment and bankruptcies frighten politicians into supporting it.

The attempt to sustain high, indeed hectic, rates of growth among the developed countries collapsed in 1974. These high rates of growth were never, I think, sustainable. We are now in the process of trying to achieve steady and sustainable growth rates without excessive inflation. Business confidence requires stability, but businessmen had come to regard high growth rates as normal and there are inevitably 'withdrawal symptoms' as expectations are adjusted to 3-5% rates of growth. This has resulted initially, in Japan and elsewhere, in caution among businessmen about undertaking capital investment and among the general public about purchasing non-essential consumer goods.

Many of the South and South-East Asian countries achieved good rates of growth in 1977 because of improved commodity prices and in some cases good harvests. There have been many demands for 'commodity stabil-

isation schemes,' by which are really meant schemes which keep commodity prices high. This is what the oil producers achieved in 1973/74. The results were disastrous and oil prices have since inevitably slipped back considerably in real terms. What the producers should really seek is an optimum level which permits steadily rising demand from the industrial countries. The revival of prices in 1977 depended ultimately on the good rate of growth in the USA, especially in the first half of the year.

Currency fluctuations have justifiably worried many of us since we met last year and here again businessmen properly prefer stability. It is said that the USA should so conduct its affairs that the US\$ is steady. But the weakness of the US\$ is due not to higher rates of inflation in the USA than elsewhere, but to America's huge balance of payments deficit. No one would have been happy if the USA had cut imports in 1977 by US\$27,000 million to balance the account, since the fact that the world achieved a reasonable growth rate due largely to growth in the American economy and to this deficit - a fact America's critics are quick to forget.

The Hongkong Bank Group			1976	1977
			HK\$ millions	
Issued Share Capital	...	...	954	1,050
Reserve Fund...	...	...	1,189	1,299
Undistributed Profit	...	...	129	138
Deposits	...	...	47,999	59,781
Advances	...	...	22,016	29,412
Bank Premises	...	...	1,055	1,102
Net Profit	...	...	394	522
Total Assets	...	...	66,262	80,479

Greater efficiency and less profligacy in America in the use of energy would not only reduce the US balance of payments deficit but would do so mainly to countries which have huge balance of payments surpluses which they cannot spend. Although President Carter would seem to be more aware of the need for legislation than either the electorate or congress, the legislation he has proposed may not necessarily be that which is needed and at least a partial lifting of price controls to encourage further exploration in the United States and a better use of sources already discovered would seem to be a fundamental necessity.

World population continues to grow at much too rapid a rate for comfort in the poorer countries, so helping to keep them poor. There is of course a vicious circle connecting rural poverty and high birth rates and although there are signs that attention is at last being paid in less developed countries to population growth rates there is still a long way to go. To turn to local matters, in Hong Kong we have opened a number of new branches, bringing the total we have here to 150. The largest of these was in the new China building, which is one of the most up-to-date buildings in central district and is a joint venture between the bank and Mr Li Ka Shing.

To touch briefly on our subsidiaries, we have seen continuing progress by the Hang Seng Bank, which produced another record profit and record dividend this year, for which we owe our thanks to Mr S H Ho, the Chairman, the Hon Q W Lee, the Chief Executive, and their staff.

In the Middle East The British Bank of the Middle East has had a very satisfactory year and dividends received from this company increased from £3.5 million to £5.5 million. 1977 saw a resumption of business in the Lebanon but this was achieved amidst an uneasy peace. Regrettably a resolution of both the Arab/Israeli confrontation and the displaced Palestinian People seems as remote as ever.

The operations of The British Bank of the Middle East in Saudi Arabia are scheduled to be converted later this year into a joint venture with Saudi partners, with the latter holding 60% of the equity. The resulting bank will be then known as the Saudi British Bank, and as a locally incorporated bank will be able to open additional branches in the Kingdom.

The Mercantile Bank, whose main area of operation is in India, showed encouraging growth in that country, while in Mauritius new

branches have been opened, or are planned, and computerisation is well advanced.

In Canada, Wardley Canada continued to do well and has had a successful year, while I am glad to report that our operations in Australia are now in a much healthier state.

The Hongkong Bank of California has also shown a substantial improvement in performance. It is still bedevilled by the problem of the California Franchise Tax, although it would seem that commonsense is prevailing and the opponents of the Unitary Tax Formula are gaining strength. However the problem as far as we are concerned still remains and legislation that would no longer permit the State Franchise Tax Board to apply the Unitary Formula in respect of foreign operations has still not been introduced.

Wardley had another successful year and were able to increase their dividend from HK\$24 million to HK\$25 million. Wayhong Investment, which holds our investments in several companies in The World-Wide Group, and also in Cathay Pacific Airways, showed a small increase in their dividend. The record of Cathay Pacific's growth, both in terms of assets and profitability, must be the envy of

many larger airlines and it is with pleasure that I pay tribute to their management. In spite of wide publicity given to the problems of the shipping industry, and in particular of that part of the industry involving tankers, The World-Wide Group under Mr Y K Pao's leadership has continued to grow and we are well pleased with our investments.

Overseas we have opened in Chinatown London, in the Bahamas, in Edinburgh and in Amsterdam. Since the beginning of the year we have opened a representative office in Houston and will be continuing to look for likely areas of expansion.

In recent years there has been a significant move in the beneficial ownership of your bank's shares from London to Hong Kong and about 70% of the capital is now held in Hong Kong. You will recall that we closed our subsidiary London register three and a half years ago and since then there has been a widening divergence in the listing requirements laid down by the Hong Kong and London Stock Exchanges.

Some of the new requirements in London are, in the view of your Board, inappropriate to a bank in Hong Kong. This view is shared by The London Stock Exchange which has granted us dispensation where necessary.

I think you will agree that it is most desirable that your shares should continue to be quoted in London but it is perhaps timely for this to be under the alternative arrangements which are currently utilised by all the other Hong Kong companies quoted on The London Stock

Exchange and this is something we shall pursue.

The Hong Kong Stock Exchange meanwhile has adopted new rules which will require us to include in our interim report an unaudited profit and loss statement and details of earnings per share. We consider these to be constructive amendments and although compliance is not obligatory until next year we intend to conform to them immediately. These additional requirements will necessitate announcing our interim results in future after our regular board meeting on the fourth Tuesday in August, but will mean that the interim and final dividends will be more evenly spaced.

Shareholders will obviously be expecting me to elaborate on the recent announcement that following talks with the board of Marine Midland Banks Inc. agreement has been reached which will eventually result in our holding about 51% of their equity. This is subject to approval by both the Stockholders of Marine Midland and by the various regulatory authorities in the United States and I would not wish to say anything which appears to pre-empt these approvals.

Nevertheless I would mention two points. First it is not our intention to interfere either with the day to day running of Marine Midland or their management which we hold in high regard. Secondly the enthusiasm of both banks promises well for this partnership which will rank in assets among the top two dozen or so banks in the world.

You will see from the balance sheet in front of you that your bank is in a very liquid position and we shall finance the initial cost of buying into Marine Midland from unutilised funds which we already have in US dollars. We have no plans to raise money from shareholders by means of rights issue.

Mr Eric Udall resigned from your Board of Directors on his retirement last April and was replaced by Mr John Boyer, who is now Deputy Chairman. I regret that Sir Albert Rodrigues will be retiring from the Board under Regulation 89 (H), but I am glad to say that he has agreed to continue to give us the benefit of his wide experience in Hong Kong by becoming a consultant to the Board until the end of this year.

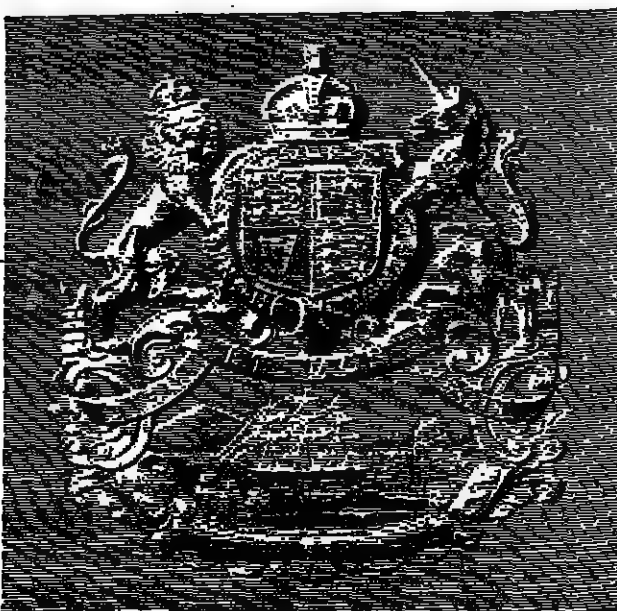
It would be wrong of me to end without paying tribute to my predecessor, Mr Guy Sayer, who retired at the end of last August. He ably guided the Bank through the problems which arose throughout the world following the Economic crisis of the early 1970's. I am very glad that his many services, not only to the Bank, but to Hong Kong in general, were recognised by the award to him of the CBE in the New Year's Honours List. We were heartened also by the award of the OBE to Mr R H K Crichton, who has been in charge of our Japanese operations since 1975. It is with sincerity that I thank all our staff in the very many countries in which we operate for their hard work and dedication.

This statement of mine, the Directors' Report and Accounts, my international survey and the Group's abbreviated balance sheet will be in your hands by mid-May and copies of the Group Accounts which are in front of you today have been despatched to shareholders.

The Hongkong Bank Group

Principal subsidiary and associate members of the Hongkong Bank Group:-

The British Bank of the Middle East Mercantile Bank Limited
Wardley Limited The Hongkong Bank of California
Hang Seng Bank Limited The Bank of Iran and the Middle East
The British Bank of the Lebanon S A L Antony Gibbs Holdings Ltd
Wardley Middle East Limited



Services offered by the subsidiary and associate companies of the Hongkong Bank Group:- Banking - Merchant Banking Services - Finance and Investment
Investment Management - Export Credit - Insurance Services - Bullion Dealing - Company Data Information - Travellers Cheques - Credit Cards - Trustee Services - Nominee Services

4 Melville Street, Edinburgh, EH3 7NZ. Tel. No. 031-226 4071
and at 87 St. Vincent Street, Glasgow, G2 5TJ. Tel. No. 041-221 6692

**Paper Manufacturers; Polythene Extrusion & Converting;
Civil & Light Engineering; Haulage; Insurance Broking.**

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All companies mentioned are incorporated in the Republic of South Africa

محمد بن الحسن

Overseas operations hold Delta Metal to £26.7m. Royco picks up £130,000 downturn for Antony Gibbs

Delta Metal A £12m. decline in second half profits to £12.3m. compared with £25.7m. in the first half of 1977, ahead from £12.7m. on turnover, higher at £49.13m. The result includes a reduced dividend of 1.5p (1.75p) and a reduced profit of £11.8m. compared with £25.7m. in the first half of 1977. The directors forecast that the second half figures will not compare as well with the first half results as they had hoped. But higher profits for 1978 were expected. After tax of £12.4m. (£8.6m.) a minority interest of £2.7m. and a provision of £1.5m. (£1.1m.) are added to £11.8m. (£8.6m.) to give £13.6m. (£7.5m.). Extraordinary dividends of £1.5m. (£1.1m.) are also expected. The year's U.K. operations showed a profit of £5.3m. (£4.1m.) compared with £3.1m. (£2.1m.) in the first half of 1977. The overseas decline is due to difficult trading conditions and currency fluctuations. In the second half, the company's operations in the U.K. were generally poor, but there was a slight improvement in the second half of 1977. The company's operations in the U.K. were generally poor, but there was a slight improvement in the second half of 1977. The company's operations in the U.K. were generally poor, but there was a slight improvement in the second half of 1977.

appreciate each other's efforts and problems. The pension fund and the profit-sharing scheme trustees have agreed to a new arrangement. The pension fund was totally in favour of the idea for the pension fund but was less sure about the profit sharing scheme, whose trustees would have narrow responsibilities anyway. The main problem, said Lord Armstrong, was fair representation of all the staff. Two unions are competing with each other for the staff's loyalty and many employees were members of neither.

FOR 1977 Royco Group, property developer and financier, reports a turnover from a loss of £283,000 to a pre-tax profit of £1,231,000. The deficit for 1976 however was after an exceptional debit of £1,330,000. At half-way a profit decline from £436,000 to £230,000 was recorded. Mr. R. H. Strudwick, chairman, says that market conditions are at present favourable and the group is in a sound position to benefit from the improvement in the property market. The industrial side of the group's business has been terminated and the group is now concentrating on its property development activities. Yearly earnings per 25p share are shown at 3.5p (1.16p loss) and with a final net payment of 1p the dividend total is stepped up from 1p to 1.5p at a cost of £300,000 (£200,000).

The proprietors' share of the surplus following the biennial valuation at December 31 last amounted to £4,12m. (£3,12m. for previous biennium). The total transferred by the society to proprietors' fund of £4,12m. in respect of 1976 and 1977, including a share of interim terminal, and vesting bonuses, is 27 1/2 per cent higher than the corresponding figure for the two previous years, despite a small reduction to 8 1/2 per cent in the proportion of distributed surplus allocated to proprietors. The interest has already been announced to make future valuations annually which will result in annual transfers of the proprietors' share of the divisible surplus.

EXCLUDING ASSOCIATE company contributions of £200,000 compared with £250,000 previously, disclosed profit of Antony Gibbs Holdings, banker and timber products group, fell from £465,000 to £335,000 in 1977. At half-way directors said that results in the U.K. mainly for banking, insurance broking and commodity business, had shown a marked improvement. In Australia, however, the building industry recession had severely affected earnings of Gibbs, Bright, and consequently group trading profits were expected to be below 1976. The attributable profit of £435,000 (£321,000) was before extraordinary items of £305,000 (£331,000).

country's largest particle board plant it has been suffering from severe building recession "down under." At home it also seems that the personal financial planning division has dipped into the red again. Although Antony Gibbs is an accepting house its performance over the last few years has been dogged by the problems of its non-banking side. At 42p the group is capitalised at just 88m, which is little comfort for the Hongkong and Shanghai Bank which paid 58.4m for its 40 per cent stake in 1973/74.

Garner expands to £1.28m. The group designs and manufactures heating, ventilating, air-conditioning and industrial heat-transfer equipment, etc. At the midway stage, when announcing profit up from £520,000 to £502,000, the directors said that with leather remaining in good demand especially from overseas markets, they anticipated further improvement for the full year. In accordance with ED19, tax for the year takes £345,000 (adjusted £28,000) and increases in last quarter sales to £1,000 (£11,000), finish 1977 with a pre-tax profit of £152,000 compared with £1,085,550 (£1,085,550 to £1,085,550) last time. Basic earnings per 25p share are given as 15.2p (17.5p) and fully diluted as 21.95p (32.87p). A final dividend of 2.75p net, lifts the total on increased capital to 4.5p (3.25p), absorbing £197,000 (£107,000).

Weeks slows in second half

THE SATISFACTORY outcome expected by Weeks Associates for the 53 weeks ended January 29, 1978, turns out to be a profit increase from £488,757 to £588,158, following a £140,591 rise at half-way.

Dividends at Sun Life Assurance

Announcing an interim dividend of 1.72p net per 5p share against 1.52p, the directors of Sun Life Assurance Society say that the statutory limitation on dividends remains unchanged, a similar final payment "will be made (1.52p last year). However, if statutory limitation was relaxed or abolished it would be their intention to pay an increased second half dividend.

Record for Bradwall Rubber

AFTER RISING £97,000 in the first seven months to £276,000 Bradwall (P.M.S.) Rubber Estate ended 1977 with pre-tax profit up from £160,741 to a peak £384,048. Turnover for the year was £1,320m, compared with £1,180m, and profit came after replanting expenditure of £40,344 (£42,343). After tax of £219,115 (£208,535) net profit was £264,928 (£219,206). The dividend is up from 1.25p adjusted for the three-for-one scrip issue to 1.7p net per 10p share.

Most comment

Most merchant banks had a good year in 1977 with rapidly falling interest rates reducing the cost of wholesale money while there were plenty of capital profits to be had on gilts. However, Antony Gibbs Holdings seems to be the odd man out. It is one of a group of companies which have closed more than doubled, closed net profits after a fall of 13 per cent. The group talks of a "loss of confidence" in the nature of the business. As the group owns the

Myson back in profit

AS FORESHADOWED at the half-way stage, when a deficit of £431,008 against a £72,167 surplus was announced, Myson Group returned to profitability in the second half due mainly to an increase in last quarter sales to £1,000 (£11,000), finish 1977 with a pre-tax profit of £152,000 compared with £1,085,550 (£1,085,550 to £1,085,550) last time.

TAXABLE PROFIT for the year to January 31, 1978, of Garner Scotland, the tanning and leather manufacturing concern, expanded from £1,124,000 to £1,278,000, on turnover of £30,760, compared with £21,150. At the midway stage, when announcing profit up from £520,000 to £502,000, the directors said that with leather remaining in good demand especially from overseas markets, they anticipated further improvement for the full year. In accordance with ED19, tax for the year takes £345,000 (adjusted £28,000) and increases in last quarter sales to £1,000 (£11,000), finish 1977 with a pre-tax profit of £152,000 compared with £1,085,550 (£1,085,550 to £1,085,550) last time.

Midland will not close Jo'burg office The cessation of loans to the South African government and its departments was a policy based on a mixture of moral, commercial, economic and political considerations, said Lord Armstrong, chairman of Midland Bank at the AGM yesterday. He said that the figures showed very clearly that other banks in the world were taking the same view as the Midland by withdrawing demand for water fittings has ceased. Orders for brass fittings have also improved, leading to better demand for the rod, he says. Reports are higher than at the closing of 1977, although common is increasing in many areas, partly as a result of the inter pound. Conditions in South Africa are difficult and there is as yet sign of any upturn in the economy, but elsewhere over, particularly in Australia, up companies have made satisfactory progress so far this year. The loss on the metal account was £4.2m. (£2.7m. profit) is eroded by a tax credit of £2.1m.



Union Corporation Group



Directors' Reports of Gold Mining Companies for the quarter ended 31st March, 1978.

BASE RATE

With effect from the close of business on 20th April, 1978, and until further notice, TSB Base Rate will be

7 1/2%

per annum.

TSB

Trustee Savings Bank Central Board,
P.O. Box 99, 3 Gracechurch Street,
London EC3P 3BX.

Standard Chartered

announce that on and after 20th April, 1978 the following annual rates will apply:

Base rate 7 1/2%
(Increased from 6 1/2%)

Deposit rate 4%
(Increased from 3%)

Standard Chartered Bank Limited

RADLEY PRINTING COMPANY LTD.
INTERIM REPORT FOR HALF-YEAR ENDED 31st DECEMBER, 1977.

	Year ended 30.6.77	Half-year ended 31.12.77	Half-year ended 31.12.77
SUMMARY OF GROUP RESULTS			
Net (excluding inter-group sales)	1,180,878	514,584	686,950
Trading Profit	148,202	65,532	55,178
Investment Income	10,898	5,367	5,300
Profit before tax	159,100	70,899	60,478
Profit after tax	74,341	36,587	43,700
Chairman's Statement:			
I am pleased to say that the increased workload acquired during the second half of last year has continued into this year in anticipation of a further increased turnover, our expenditure on new plant has already well exceeded the 100,000 budget for the year as mentioned in my annual statement.			
In the absence of unforeseen circumstances, we would expect the results for the full year to show further improvement on those of last year.			

WINKELHAAS MINES LIMITED

Issued Capital R12,000,000 in shares of R1 each.

	Quarter ended 31st Mar. 1978	Quarter ended 31st Dec. 1977	Six months ended 31st Mar. 1978
OPERATING RESULTS			
One Milled (t)	516,000	516,000	1,032,000
Gold produced - kg.	3,323	4,025	7,348
Yield - (g/t)	7.90	7.90	7.70
Revenue per ton milled	R37.45	R37.45	R37.25
Cost per ton milled	R15.43	R14.89	R15.41
Profit per ton milled	R22.02	R22.56	R21.84
Working revenue	R19,116,000	R19,322,000	R38,440,000
Working costs	R8,218,000	R7,682,000	R15,900,000
Working profit	R10,898,000	R11,640,000	R22,540,000
Net sundry revenue	R645,000	R421,000	R1,066,000
PROFIT before taxation and lease consideration	R11,543,000	R12,061,000	R23,606,000
Taxation and lease consideration	R7,026,000	R7,367,000	R14,393,000
PROFIT after taxation and lease consideration	R4,517,000	R4,694,000	R9,213,000
Capital expenditure	R16,000	R22,000	R38,000
Dividend declared	R8,380,000	R8,380,000	R16,760,000
Loan levy (recoverable)	R773,000	R811,000	R1,584,000
DEVELOPMENT:			
Advanced (m)	2,436	2,285	4,721
Sampled (m)	567	552	1,119
Channel width (cm)	41	58	54
Av. value: g/t	32.2	23.3	26.9
Cm/g/t	1,320	1,547	1,452
Payable:			
Percentage	64	74	69
Channel width (cm)	48	74	62
Av. value: g/t	34.8	25.2	29.6
Cm/g/t	1,671	1,865	1,774
Dividend			
On 10th March, 1978, Dividend No. 26 of 53 cents per share was declared to members registered at 31st March, 1978. Dividend warrants will be posted on or about 11th May, 1978.			

BRACKEN MINES LIMITED

Issued Capital R12,800,000 in shares of 80 cents each.

	Quarter ended 31st Mar. 1978	Quarter ended 31st Dec. 1977	Six months ended 31st Mar. 1978
OPERATING RESULTS			
One Milled (t)	208,000	205,000	408,000
Gold produced - kg.	1,394	1,394	2,788
Yield - (g/t)	6.60	6.80	6.60
Revenue per ton milled	R34.40	R32.85	R33.62
Cost per ton milled	R17.28	R17.24	R17.25
Profit per ton milled	R17.12	R15.61	R16.37
Working revenue	R8,983,000	R8,733,000	R17,716,000
Working costs	R5,953,000	R5,534,000	R11,487,000
Working profit	R3,030,000	R3,199,000	R6,229,000
Net sundry revenue	R287,000	R134,000	R421,000
PROFIT before taxation and lease consideration	R3,317,000	R3,333,000	R6,650,000
Taxation and lease consideration	R2,308,000	R1,987,000	R4,295,000
PROFIT after taxation and lease consideration	R1,009,000	R1,346,000	R2,355,000
Capital expenditure	R1,438,000	R1,000	R1,438,000
Dividend declared	R2,800,000	R2,800,000	R5,600,000
Loan levy (recoverable)	R254,000	R218,000	R472,000
DEVELOPMENT:			
Advanced (m)	2,436	2,285	4,721
Sampled (m)	567	552	1,119
Channel width (cm)	41	58	54
Av. value: g/t	32.2	23.3	26.9
Cm/g/t	1,320	1,547	1,452
Payable:			
Percentage	64	74	69
Channel width (cm)	48	74	62
Av. value: g/t	34.8	25.2	29.6
Cm/g/t	1,671	1,865	1,774
Dividend			
On 10th March, 1978, Dividend No. 21 of 20 cents per share was declared to members registered at 31st March, 1978. Dividend warrants will be posted on or about 11th May, 1978.			

LESLIE GOLD MINES LIMITED

Issued Capital R10,400,000 in shares of 85 cents each.

	Quarter ended 31st Mar. 1978	Quarter ended 31st Dec. 1977	Six months ended 31st Mar. 1978
OPERATING RESULTS			
One Milled (t)	230,000	215,000	445,000
Gold produced - kg.	1,072	1,032	2,044
Yield - (g/t)	4.60	4.80	4.69
Revenue per ton milled	R22.50	R23.19	R22.83
Cost per ton milled	R18.48	R19.37	R18.91
Profit per ton milled	R4.02	R3.82	R3.92
Working revenue	R5,175,000	R4,985,000	R10,160,000
Working costs	R4,251,000	R4,164,000	R8,415,000
Working profit	R924,000	R821,000	R1,745,000
Net sundry revenue	R87,000	R48,000	R135,000
PROFIT before taxation and lease consideration	R1,011,000	R869,000	R1,880,000
Taxation and lease consideration	R414,000	R342,000	R756,000
PROFIT after taxation and lease consideration	R597,000	R527,000	R1,124,000
Capital expenditure	R1,120,000	R1,120,000	R2,240,000
Dividend declared	R47,500	R33,000	R80,500
Loan levy (recoverable)			
DEVELOPMENT:			
Advanced (m)	284	343	627
Sampled (m)	183	161	344
Channel width (cm)	32	10	17
Av. value: g/t	24.7	89.8	38.2
Cm/g/t	543	686	615
Payable:			
Percentage	14	26	20
Channel width (cm)	12	12	12
Av. value: g/t	91.7	95.3	94.8
Cm/g/t	1,100	1,156	1,135
Dividend			
On 10th March, 1978, Dividend No. 27 of 7 cents per share was declared to members registered at 31st March, 1978. Dividend warrants will be posted on or about 11th May, 1978.			

ST. HELENA GOLD MINES LIMITED

Issued Capital R9,625,000 in shares of R1 each.

	Quarter ended 31st Mar. 1978	Quarter ended 31st Dec. 1977	Six months ended 31st Mar. 1978
OPERATING RESULTS			
One Milled (t)	490,000	480,000	970,000
Gold produced - kg.	4,272	4,598	8,870
Yield - (g/t)	8.70	9.60	9.10
Revenue per ton milled	R43.11	R44.42	R43.77
Cost per ton milled	R21.70	R20.37	R21.03
Profit per ton milled	R21.41	R24.05	R22.74
Working revenue	R20,995,000	R21,797,000	R42,450,000
Working costs	R10,418,000	R9,980,000	R20,398,000
Working profit	R10,577,000	R11,817,000	R22,082,000
Net sundry revenue	R287,000	R195,000	R482,000
PROFIT before taxation and lease consideration	R10,864,000	R12,012,000	R22,564,000
Taxation and lease consideration	R8,188,000	R8,985,000	R17,173,000
PROFIT after taxation and lease consideration	R2,676,000	R3,027,000	R5,391,000
Capital expenditure	R170,000	R400,000	R570,000
Dividend declared	R7,300,000	R7,700,000	R15,000,000
Loan levy (recoverable)	R738,000	R834,000	R1,572,000
DEVELOPMENT (Kimberley Reef):			
Advanced (m)	2,109	2,123	4,232
Sampled (m)	363	342	705
Channel width (cm)	108	108	108
Av. value: g/t	11.9	7.6	9.6
Cm/g/t	1,188	687	945
Payable:			
Percentage	28	13	15
Channel width (cm)	128	121	127
Av. value: g/t	15.7	14.8	15.8
Cm/g/t	2,013	1,786	1,961
Dividend			
On 10th March, 1978, Dividend No. 45 of 80 cents per share was declared to members registered at 31st March, 1978. Dividend warrants will be posted on or about 11th May, 1978.			

Dividend

On 10th March, 1978, Dividend No. 45 of 80 cents per share was declared to members registered at 31st March, 1978. Dividend warrants will be posted on or about 11th May, 1978.

No. 2 Shaft

On 12th March, 1978 an accident at No. 2 shaft resulted in the shaft being put out of commission. No loss of life or injury was sustained.

By 3rd April, 1978 the repair work to the shaft had reached a stage at which housing operations could be resumed and production from this shaft is getting back towards normal. Loss of tonnage to the mill was minimised by increasing considerably the tonnage from low grade surface dumps.

The financial implications of the accident will only become fully apparent in the June quarter, when, after all, negotiations with the insurers will hopefully have been settled.

Capital Expenditure

Commitments in respect of contracts placed

R1,819,000

Amounts approved in addition to commitments

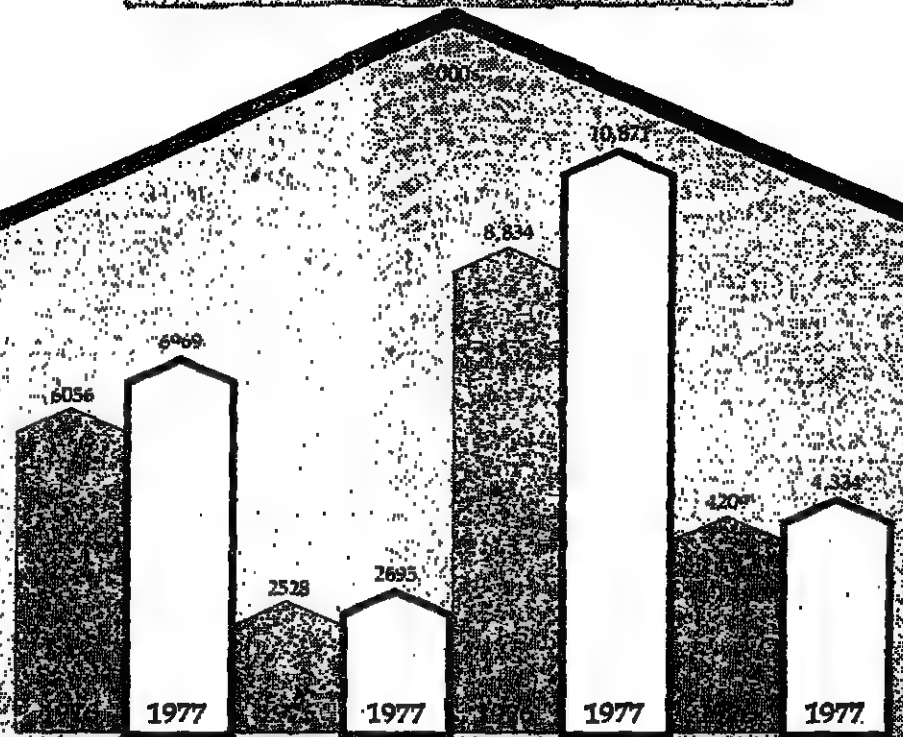
R297,000

KINROSS MINES LIMITED

Issued Capital R18,000,000 in units of R1 each.

	Quarter ended 31st Mar. 1978	Quarter ended 31st Dec. 1977	Six months ended 31st Mar. 1978
OPERATING RESULTS			
One Milled (t)	390,000	390,000	780,000
Gold produced - kg.	2,984	2,984	5,968
Yield - (g/t)	7.60	7.60	7.60
Revenue per ton milled	R37.22	R36.47	R36.85
Cost per ton milled	R18.52	R17.96	R18.24
Profit per ton milled	R18.70	R18.51	R18.61
Working revenue	R14,541,000	R14,225,000	R28,766,000
Working costs	R7,222,000	R6,792,000	R14,014,000
Working profit	R7,319,000	R7,433,000	R14,752,000
Net sundry revenue	R91,000	R215,000	R306,000
PROFIT before taxation and lease consideration	R7,410,000	R7,648,000	R15,058,000
Taxation and lease consideration	R4,361,000	R4,447,000	R8,808,000
PROFIT after taxation and lease consideration	R3,049,000	R3,201,000	R6,250,000
Capital expenditure	R4,140,000	R3,000	R4,140,000
Dividend declared			

Another Record Year for Slough Estates.



Net Equity Assets per share	119p
Earnings per share (Net)	4.62p
Dividend per share (Net)	2.265p

United Kingdom. Total demand for factories and warehouses has been higher during the year although the increased pattern of demand has differed between estates. Major development has commenced on the older parts of the Slough and Birmingham estates.

Overseas. Letting conditions have generally been difficult. Rental income rose but in sterling terms was restricted by the strength of the £. Two new estates were acquired in Australia and in Germany, the site at Köln-Porz having been fully let, an additional site has been acquired.

In Chicago the second phase of the industrial development has commenced and an equity interest has been taken in a major new office project.

Commercial. The remaining office development in Brussels remains quiet despite its position in a prime location.

The German office and shop development at Frankfurt has been completed and discussions for the leasing of the premises are in progress.

At Sheffield some space has been let out but office area remains available.

Taxation. The Group has adopted the treatment for deferred taxation recommended in Accounting Exposing Draft 19. This has resulted in a lower composite tax charge and an increase in general reserves in respect of prior years adjustments.

The Future. In the absence of unforeseen circumstances, the results for 1978 will exceed those for 1977.

Accounts. Copies of the Annual Report and Accounts are available from the Secretary.



Slough Estates Ltd.

234 Bath Road, Slough SL1 4EE. Telephone: Slough 37171
Telegrams: Sloudeplm Slough. Telex: 847604

BIDS AND DEALS

SUITS will be developed

BY ANDREW TAYLOR

Mr. "Tiny" Rowland, chief executive of LONRHO, has assured shareholders of Scotland and Ulster Investments that his group has no plans to sell any of SUITS' major trading activities if LONRHO's takeover offer succeeds.

Mr. Rowland's assurance is contained in a letter sent yesterday to SUITS' shareholders, along with LONRHO's offer document. The bid values SUITS at around £30m, has already caused alarm among some Scottish MPs who are concerned about the effect a takeover would have on employment in the country.

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, is today expected to reply to a written question from Mr. David Lambie, Labour Member for Central Ayrshire, asking the Secretary to take the "necessary steps" to stop the LONRHO takeover.

Mr. Hattersley is already thought to have given an indication that he would favour a Monopolies probe into the deal in a letter sent to Mr. Donald Dewar who was elected as Labour Member for Glasgow last week.

Mr. Rowland in his letter to SUITS shareholders says: "It is LONRHO's intention that all the existing major activities of SUITS should not only be retained but should be developed; that SUITS headquarters should continue to be in Glasgow and that SUITS should retain its Scottish identity."

LONRHO is bidding 11 of its shares for every six SUITS shares and the offer document says that

deal would give accepting shareholders a 25 per cent increase in capital value and provide an income increase of 122 per cent.

The SUITS Board—which has been split by LONRHO's offer and the company's financial advisers have said that the bid is too low and will be advising shareholders to reject.

Meanwhile Keyser Ullmann which has been advising LONRHO declined to comment last night on reports that it had rejected an offer by SUITS representatives to dispose of SUITS shareholding in the House of Fraser to LONRHO in an attempt to block the deal.

House of Fraser in which SUITS currently holds an around 10 per cent stake, and LONRHO a 19.39 per cent stake, is closely watching the current situation and has alerted its financial advisers.

A decision however on whether the bid will be referred to the Monopolies Commission is not expected until next week as the Office of Fair Trading has still to conclude its enquiries into the offer.

Meanwhile, LONRHO's offer document includes a reference to a claim for substantial damages made recently against LONRHO Insurance Brokers Ltd, arising out of "the difficulties of a New York insurance broking company."

LONRHO said that preliminary legal advice indicated that "to a large extent the alleged damages do not represent actual losses and appear to be speculative."

A LONRHO spokesman said last night that the group as yet could give no further details on the claim.

Dutch company acquiring Edmund Nuttall

BY JAMES BARTHOLOMEW

Edmund Nuttall, Sons and Co. (Manchester) Ltd, a leading family-owned tunnelling contractor, is being taken over by Hollandsche Beton Groep NV, the largest Dutch construction company, for over £10m.

Nuttall was the main contractor for the original Mersey Tunnel, still the largest of its kind in the world. It has worked with Hollandsche Beton Groep in three point ventures since 1964, the reconstruction of Rotterdam Harbour, Owen Falls Dam, Uganda, and currently the £30m. Hunterdon Ore Terminal Jetty on the Firth of Clyde.

A Nuttall company supplied the tunnelling for the first half of the Channel Tunnel before the project was abandoned.

The family shareholders want to sell to the Hollandsche Beton Groep because of the long association and assurance that the takeover of Nuttall will not be changed. The management believes that few contractors taken over by British companies have retained their identity.

Nuttall has not recently been able to make and retain enough profits in the face of inflation to go on accepting major projects.

The family shareholders have been unable to subscribe the necessary additional capital.

Hollandsche Beton, a public company, claims to be the sixth largest construction group in Europe and operates in nearly all the fields of construction and civil engineering. However, it is not a tunnelling specialist so the acquisition of Nuttall will add to its capabilities.

HBG is also looking to diversify geographically since its scope in the Netherlands is now limited. It has associates elsewhere in the world including Germany, Belgium and Ireland. HBG's turnover reached £12.4bn. (£800m.) in the latest financial year and its after-tax profits were £1.48 bn. (£12m.). It announced plans on Monday for an issue of Preference shares designed to deter a possible takeover.

Nuttall's turnover in the year to March 31, 1978, was approximately £22m. and pre-tax profits were £2.2m. or better than the previous year's £2.28m. Capital reserves and deferred tax amounted to £8.7m. at the previous balance sheet date and the Dutch group is believed to have paid a substantial additional amount for goodwill.

Hepworth believes its terms are generous

Hepworth Ceramic, in the formal documents accompanying its contested bid for Johnson-Richards Tiles, is at pains to warn shareholders that the offer is not to be thought of merely as a sighting shot.

In his statement yesterday, Hepworth's chairman Mr. Peter Goodall, points out that the offer was formulated "only after we have been informed of Johnson's estimate of its profits for the year ended March 31. On the basis of that estimate we believe our terms to be generous."

The statement is interesting in the light of the March statement from a group of shareholders representing some 25 per cent of the equity that they would be prepared to consider offers above 125p.

At that time the Hepworth offer (58p in cash plus one one Hepworth share) was worth 120p. Yesterday it was worth 114p and Johnson's market price was 114p.

The documents also stress the common technology of the two companies and the benefits to Johnson of Hepworth's overseas sales experience and financial backing.

Mr. Goodall points out that since 1973 Hepworth's profits have grown at an annual rate of 30 per cent compound despite the difficult trading conditions which had prevailed during the period.

These weak conditions were also stressed in Mr. Goodall's statement accompanying the report and accounts which was published just before the offer document.

He says the company is still operating at very much below full capacity and under great pressures which can only be met by ever-increasing productivity, by operating efficient and up-to-date plants and by continued and never-ending work in research and development. In the offer document, however, Mr. Goodall says he is confident of further progress which could accelerate if conditions improve.

The investment being made jointly with Cement-Roadstone Holdings in a new magnesite plant at Drogheda is progressing well, is on target, and should be on stream in September 1979, the chairman adds.

As reported on March 21, pre-tax profits expanded from £18.2m. to a record £22.7m. for 1977, on turnover of £230.5m. (£162.4m.). The dividend is raised to 3.3p (2.12839p) net.

A statement of source and

LEGAL NOTICE

NOTICE IS HEREBY GIVEN that Dr. Sabir Hassan Shahzad, residing at 10, The Home Secretary for Northern Ireland, is applying to the court for an order that the reason why naturalisation should not be granted should be written and signed statement of the facts to the Under Secretary (Nationality Division), Home Office, Westminster Road, London, W1A 1AB.

MINING NEWS

A better first quarter for Inco, but...

BY KENNETH MARSTON, MINING EDITOR

SPECIAL factors are reflected in a sharp recovery in first quarter 1978 earnings reported by Canada's Inco, the world's leading nickel producer. The earnings amount to US\$49.2m. (£18.8m.), 1975 levels.

The SUITS Board—which has been split by LONRHO's offer and the company's financial advisers have said that the bid is too low and will be advising shareholders to reject.

Meanwhile Keyser Ullmann which has been advising LONRHO declined to comment last night on reports that it had rejected an offer by SUITS representatives to dispose of SUITS shareholding in the House of Fraser to LONRHO in an attempt to block the deal.

House of Fraser in which SUITS currently holds an around 10 per cent stake, and LONRHO a 19.39 per cent stake, is closely watching the current situation and has alerted its financial advisers.

A decision however on whether the bid will be referred to the Monopolies Commission is not expected until next week as the Office of Fair Trading has still to conclude its enquiries into the offer.

Meanwhile, LONRHO's offer document includes a reference to a claim for substantial damages made recently against LONRHO Insurance Brokers Ltd, arising out of "the difficulties of a New York insurance broking company."

LONRHO said that preliminary legal advice indicated that "to a large extent the alleged damages do not represent actual losses and appear to be speculative."

A LONRHO spokesman said last night that the group as yet could give no further details on the claim.

draw comfort from the fact that nickel prices "seem to have stabilised and show signs of a modest upturn," although they are still at about 1975 levels. He also mentioned the rise in orders received by Inco's formed metal products group and expected improved contributions to earnings by ESB Ray-O-Vac.

Inco is part of the Ocean Management consortium formed to investigate the feasibility of mining and processing ocean-bed nodules. The consortium has managed to continuously retrieve several hundred tonnes of these nickel and copper-containing nodules from a depth of three miles, but no further work is planned owing to the weakness of metal prices and the uncertainty of legal and fiscal regimes under which deep-sea mining would operate.

Inco is declaring a further quarterly dividend of 20 cents. Last year there were three payments of 35 cents followed by a fourth quarter payment of 20 cents, the resulting total of \$1.25 comparing with \$1.50 in 1976, \$1.50 in 1975, and \$1.50 in 1974.

Mr. Carter added that the past quarter's earnings were also boosted by an exchange gain of \$10.9m, mainly as a result of the sharp fall in the value of the Canadian dollar. The latest results were not affected by the Guatemalan and Indonesian projects since all costs of these continued and testing of the Guatemalan project and of stage one in Indonesia have been absorbed by related borrowings which are charged directly to Inco's consolidated earnings instead of being capitalised.

Furthermore, the Indonesian operation is expected to make initial losses whenever production is substantially below capacity. The Guatemalan project is not expected to attain commercial production levels in 1978.

On the other hand, Mr. Carter

draw comfort from the fact that nickel prices "seem to have stabilised and show signs of a modest upturn," although they are still at about 1975 levels. He also mentioned the rise in orders received by Inco's formed metal products group and expected improved contributions to earnings by ESB Ray-O-Vac.

Inco is part of the Ocean Management consortium formed to investigate the feasibility of mining and processing ocean-bed nodules. The consortium has managed to continuously retrieve several hundred tonnes of these nickel and copper-containing nodules from a depth of three miles, but no further work is planned owing to the weakness of metal prices and the uncertainty of legal and fiscal regimes under which deep-sea mining would operate.

Inco is declaring a further quarterly dividend of 20 cents. Last year there were three payments of 35 cents followed by a fourth quarter payment of 20 cents, the resulting total of \$1.25 comparing with \$1.50 in 1976, \$1.50 in 1975, and \$1.50 in 1974.

Mr. Carter added that the past quarter's earnings were also boosted by an exchange gain of \$10.9m, mainly as a result of the sharp fall in the value of the Canadian dollar. The latest results were not affected by the Guatemalan and Indonesian projects since all costs of these continued and testing of the Guatemalan project and of stage one in Indonesia have been absorbed by related borrowings which are charged directly to Inco's consolidated earnings instead of being capitalised.

Furthermore, the Indonesian operation is expected to make initial losses whenever production is substantially below capacity. The Guatemalan project is not expected to attain commercial production levels in 1978.

On the other hand, Mr. Carter

MIC's U.K. coal mining plans

HAVING sold most of its quoted investments in preparation for a new career, London's Mining Investment Corporation (formerly Selkirk Mining and Finance) is to make a major move into private open-cast coal mining in the U.K. via the acquisition of the private Rhos Mining group.

The consideration payable to the vendor, Temple Investment and Finance, is approximately £1.5m. This will be satisfied by the issue of 3m. new MIC shares of 12½p, valued at 17½p each, and 2m. Convertible Deferred shares of 1p, valued at par, in addition.

It can be a very profitable business with current coal of around £23 per ton, even where the coal rights are in the company rather than owned by the NCB and what amounts to a royalty but not actively encouraged by the NCB—subject to a variety of limiting the must men employed on any or

As with so many other ventures, the MIC plans to risk elements which is not to quantify at this stage but also appear to hold out the prospect of a good reward. An ordinary meeting to approve proposals is to be held on 1

Buffels profit hit by tax

IN THE March quarterly reports issued by the mines in the General Mining of South Africa, Buffelsfontein has received a gold price of \$172 per ounce compared with \$170 in the previous three months; has increased gold production; and has enjoyed a sharp rise in the current quarter when it is hoped negotiations with the insurers will have been settled.

Operations at West Rand Consolidated have been adversely affected by ground movement caused by an inflow of water following excessive rainfall, but gold production has been increased thanks to the working of higher grade ore. Silfontein is pressing on with development in its higher grade Kromdriest area in order to make available payable stopes as soon as possible.

As already announced, the low grade South Roodpoort is to be continued development and a shareholders' meeting is to be called soon to discuss the future of the mine. The General Mining group's latest net profits after tax, but including State aid where applicable, are compared below.

March Dec. Sept. 1977 1977 1977

Buffelsfontein 1,438 1,248 958
S. Roodpoort 1,144 1,234 1,496
Silfontein 897 828 486
W. Rand Cons. 4,384 24,997 4,387
Winkelsbach 4,415 24,884 2,402

two mths shaft was returning to normal, the loss of tonnage was minimised by drawing on low grade surface dumps.

It is added that the financial implications of the accident will become fully apparent in the current quarter when it is hoped negotiations with the insurers will have been settled.

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In the Union Corporation group lower profits are reported despite the receipt of better gold prices which in the case of Leslie reached almost \$123 compared with \$173 in the previous three months.

Generally speaking, gold production has been lower at all the mines while costs have been inflated by an increased labour complement coupled with higher charges for electric power. At St. Helena says that its No. 3 shaft was put out of commission on March 12 as a result of an accident. By April 3 production

vermoultite, first quarter's output amounted to 68,000 tons against 26,526 tonnes a year.

Bougainville's production of copper contained in concentrates during the past quarter has been 48,785 tonnes from 37,884 in the same period of 1977. Gold content amounts to kilograms against 4,892 kilo while that of silver is 12.41 grams against 9,066 kilograms.

UDT SOUTH AFRICAN SALE
United Demanded and Finance house which has severely pruning its overs terms, yesterday announced it had agreed in principle sale of the UDC to Johannesburg.

The potential purchase Standard Bank Investment Corporation (Stabank) will be negotiating with UDT and African Breweries each of own 40 per cent of UDC which owns the bank.

No prices has yet been set but sources in Johannesburg suggest that Stabank is offering around 80m. by shares.

If the deal goes through, UDT's two main assets be a 51 per cent stake in board, an investment in the entire equity of Ryan a money market operation ran into trouble last year legislation was mooted to some of the areas in which specialises.

Holdings paid R1.8m. for 100 per cent of Ryan which not only is the largest recipient from the Bank of "life boat" set up following the banking crisis in 1977.

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Unicorn Industries Ltd

A world leader in the technology of hard materials

The highlights of 1977 were:

RECORD SALES of £64m from our operations in 19 countries

RECORD PROFITS, a further 31% growth on top of the 1976 increase of 98%

RECORD EARNINGS per share of 13.8p

RECORD DIVIDEND of 5.428p per share

FURTHER EXPANSION by acquisition into Brazil and into enhanced technological ranges supplying mining products, surface preparation products and high technology diamond wheels.

Unicorn Industries Ltd

U.K. Companies:
Diamond Tools, Wheels and Drill Bits Van Moppes, Basingstoke; Impregnated Diamond Products, Gloucester Grinding Wheels and Hones Universal Grinding Wheel Company, Stafford Coated Abrasives English Abrasives, Tottenham Abrasive Grain Universal Abrasives, Stafford Vapour Blast Equipment Abrasive Developments, Henley in Arden Diamond Drilling and Cutting of Concrete Holemasters, Petersfield Do-it-Yourself Products J. Oakley, Tottenham.

Copies of the Report and Accounts may be obtained from the Secretary, Castle Hill House, Castle Hill, Windsor, Berkshire SL4 1LY.



Annual General Meeting

Notice is hereby given that the 137th annual meeting of United Kingdom Temperance and General Provident Institution will be held at the Guildhall, Salisbury on Wednesday, 31st May 1978, at 12 noon for the following purposes:

1. To consider and adopt the report of the directors and the accounts for the year ended 31st December 1977.

2. To re-elect the following directors who retire by rotation—
Mr. W. M. Clarke
Sir John Riddell
Viscount Sandon

3. To appoint Messrs. Deloitte Haskins & Sells, chartered accountants, as the Institution's auditors and to authorise the directors to fix their remuneration.

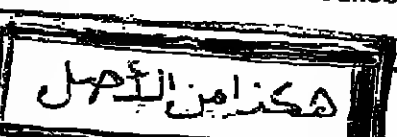
4. As special business, to consider the following resolution which will be proposed as a special resolution:

That rule 6.04 be altered by deleting the words "notice of" and substituting therefor the words to "attend and vote at" so that Rule 6.04 as amended would read as follows:—

If a poll is demanded as aforesaid the board shall cause voting papers to be prepared and sent out as soon as practicable to all the members who for the time being are entitled to attend and vote at general meetings with instructions as to the method of filling up and returning the same to the Institution and at the expiration of ten days after such voting papers have been sent out the votes received and all returned voting papers shall be counted by or under the supervision of the auditors with such other person or persons as the board shall appoint and the result of the poll shall be certified by the auditors and by the chairman or some other director appointed by the board for the purpose and shall be deemed to be the resolution of the meeting at which the poll has been demanded and notice of the result shall be given by advertisement in three daily newspapers published in London.

By order of the Board
R. W. HALLETT
Deputy General Manager and Secretary
29th March 1978

Dolphin House
New Street Salisbury SP1 2QQ
Salisbury (0722) 6242





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it's a Morris every time.”**

When a man buys and runs a car from his own pocket, he's the best authority on the value he's getting for his money. Hardly surprising that cars from the 13-model Morris Marina range are so popular with drivers who pay their own way.

Look what their money buys them.

Affordable style, space and comfort.

Marinas come in 2-door coupé, 4-door saloon and estate stylings. There's a good choice of price and of engine-size. But all Marinas are extremely roomy, well-appointed cars that cope equally well with a grown or growing family, a shopping trip or a summer holiday. And all Marinas have the clean, classic Morris styling.

Reliability you can't put a price on.

A Marina's dependable. No teething troubles, no over-elaborate engineering, no over-priced spares and no

frantic hunts for service outlets. Leyland's Supercover is by way of a free bonus.

Morris value.

Around 50% of Britain's new-car buyers are spending their own money. They look for petrol economy, easy, inexpensive servicing and low running costs. They find all those values in the Morris name.

When it's your money you're investing, it's a Morris every time.



Morris Marina 
With Supercover.

We haven't lost our sense of values.

Marina prices from £2537.73 including car tax, VAT and front seat belts. Delivery and number plates extra.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Booming Jeep sales lift American Motors' profit

BY JOHN WYLES

AMERICAN MOTORS Corporation has managed to report a modest profit for the most recent quarter and for the first half of its fiscal year despite a significant drop in sales of its passenger cars.

The company, the smallest U.S. car producer and saddled with heavy losses on passenger car production, pointed out that it had now achieved a profit for six consecutive quarters. However, if extraordinary tax credits are excluded, the company's earnings in the last quarter and for its first half year are below the comparable periods last year.

Thus in the past quarter a \$1m. tax credit helped AMC to a \$2.7m. or 9 cents a share net profit compared with \$2.5m. or 8 cents a share last year. Sales were

\$640m. versus \$534m. In the company's sales of cars and Jeep fiscal six months, the net profits were \$4.6m. or 15 cents a share, including a \$1.6m. tax credit versus \$3.7m. or 12 cents a share last year. Sales for the half year were \$1.2bn. compared with \$1.1bn.

This struggle to boost earnings is one of the major factors behind the recent agreement in principle with Renault of France, which is aimed at selling Renault cars through AMC dealers and producing a Renault model on AMC production lines in 1980. In the meantime, AMC is hoping to regain some of its lost passenger car sales with two new models to be introduced in the autumn which are derived from existing designs.

In the last three months the company's sales of cars and Jeep utility vehicles were up 7.5 per cent to 73,699 and in the half year up 2.1 per cent to 147,062. However, these gains were entirely due to booming demand for Jeep vehicles. Car sales fell 12.2 per cent in the last three months to 37,133 and by 13 per cent in the half year to 79,168. Jeep sales were up 39.6 in the three months and 28.3 per cent in the half year.

AMC recently announced that passenger car production at its plant in Ontario would give way in the autumn to manufacturing of the Jeep. This will enable it to meet Jeep demand and at the same time share production costs on passenger cars by concentrating output at its plant at Kenosha, Wisconsin.

Car makers' notes priced

By Our Own Correspondent NEW YORK, April 19.

TERMS were set here to-night for the \$500m. worth of notes being offered simultaneously by the two largest U.S. car makers, General Motors and Ford.

Ford's \$150m. worth of notes due 1984 were priced at 99.7 with a coupon of 8 1/2 per cent, to yield 8.44 per cent at maturity and its \$150m. worth of notes due 1988 were priced at 99.5 with a coupon of 8 1/2 per cent, to yield 8.56 per cent.

GM's \$350m. worth of ten-year subordinated notes were priced at par with a coupon of 8 1/2 per cent.

The yields were in line with market predictions. However, steps taken by the Fed earlier in the day to lighten credit affected the notes' price and coupons, according to market sources.

Squeeze on margins clips income at Dow Chemical

BY DAVID LASCELLES

NEW YORK, April 19

CONTINUING pressure on profit margins prevented Dow Chemical, the third largest U.S. chemical producer, from increasing its earnings in the first quarter of this year, despite higher sales.

The company today reported net sales of \$1.649m. against \$1.534m. in the same period last year, but net income was down \$22m. to \$129.5m., equivalent to 71 cents a share (against 52 cents last year).

Company financial vice president Mr. C. J. Williams said the results were in line with expectations. He blamed the severe winter and the coal strike for hampering operations although the weather had helped sales of cough and cold remedies.

Encouraging trends included strong demand for plastics, particularly in the U.S. and Europe which had improved profits and operating ratios.

Dow also announced today that it is selling its half share in Dow Eastcoast company to its West German partner in the venture, BASF.

At the same time, W. R. Grace, another leading chemicals manufacturer, announced a 29 per cent increase in earnings from \$49.6m. in the first quarter of last year to \$64m., equivalent to a rise in per share earnings from 65 to 90 cents. Sales and operating revenues rose from \$903.8m. to \$963.2m. Biggest improvements came in the company's natural resource and consumer products divisions.

Earnings rise at Rockwell

NEW YORK, April 19.

ROCKWELL International, the military, aviation, and electronics giant, announced net earnings for the second quarter of \$1.23 a share against \$1.05 previously. Total net earnings increased to \$43.5m. from \$36.2m. Sales of \$1.52bn. compared with \$1.44bn. previously.

Net earnings for the first six months are \$83.6m. or \$2.23 against \$65.5m. or \$1.90. Sales of \$2.77bn. compare with \$2.79bn.

At March 31, backlogs of commercial and funded aerospace orders were \$3.07bn. compared with \$2.79bn. a year earlier.

Backlogs of unfunded aerospace orders were \$1bn. compared with \$1.74bn. bringing total backlog to \$4.81bn. against \$4.53bn.

Rockwell said that while first quarter results showed "improved performance" from automotive aerospace utility and industrial and consumer operations, results in its fifth major business area, electronics, "approximated those of a year ago."

AP-DJ

Weather curbs Polaroid

NEW YORK, April 19.

POLAROID CORPORATION announced net earnings for the first quarter of \$1.44 a share against 43 cents previously.

Over the period, total net earnings increased to \$14.4m. from \$14m. on sales of \$240.7m. against \$191.8m.

The company said that first quarter earnings would have increased in closer proportion to sales if domestic operations had not been interrupted for six days because of severe weather in February.

Sales of cameras and film continued to be exceptionally strong in the first quarter. Agencies

Reynolds Metals loss

RICHMOND, April 19.

REYNOLDS Metals first quarter results were distorted by unrealised foreign exchange losses as reported under FASB 8. The company reported a net loss of 63 cents a share for the quarter, compared with a profit of 35 cents a share a year earlier. Full net loss was \$11m. against a profit of \$10m. on sales up 11 per cent to \$908m.

While profits from operations "actually were better" than in the first quarter of 1977, they were more than offset by unrealised foreign currency translation losses of about \$23m.

Agencies

U.S. BANKING EARNINGS

Retaining a strong foreign element

BY DAVID LASCELLES IN NEW YORK

THE UNCERTAINTIES of world financial markets have made life tricky, to say the least, for banks with large international operations. So far as the major American banks are concerned, one of the effects has been to shake up the geographical distribution of income and assets in such a way as to produce marked changes in their balance sheets.

On the face of it, it looks as if the big U.S. banks have begun the long retreat home after years of foreign expansion. The share of total earnings obtained abroad has been shrinking, while that attributable to operations within the U.S. has been growing.

In the case of some banks, this is now a trend which has lasted two or three years. But on closer examination, it appears that, far from pulling back home, the banks are actually expanding their foreign earning base. The volume of loan business abroad is many banks report - rising steadily, and in most cases faster than domestic loan business.

These trends are best illustrated by the 1977 annual reports for major banks, who are now required by the Securities and Exchange Commission to disclose in some detail where they are earning (and losing) their money.

Of the large New York banks, Bankers Trust and Morgan Guaranty reported slower growth in international earnings last year. At Chase Manhattan, the share of total income earned

abroad dropped to 65 per cent. Most of the rise in earnings in 1977, though, this shift was exceptional, due to Chase's heavy loss in the U.S. in 1976. As one might expect, this trend was also strong in the regional banks who have traditionally strong increase in domestic earnings.

First Chicago has also seen a large bank in the U.S. a drop in the domestic from 4.98 per cent to 4.1 cent, but in the overseas from 3.14 to 2.88 per cent.

The growth in these domestic earnings must be the result of profitable rather than volume business. But to how deceptive these figures are when trying to assess earnings base of these one has only to look at trends in loan volume, and appear to be stronger of than at home.

Chase's average loan in domestic offices, for example, declined slightly in 1977, but by nearly a quarter in 1978. At Bankers Trust, loans have shown steady growth while the volume of deposits has declined since the peak.

Citicorp, one of the banks to have notched up growth in foreign earnings past two years, also rose higher growth in loan volume last year (17 per cent in domestic loan volume).

All this suggests the banks are still heavily oriented despite the new fact that they are all profiting from the domestic market, though will obviously continue to the U.S. for a large part of their earnings until the overseas improve.

Similarly Citicorp, the second largest bank in the U.S., reported a drop in earnings of four-fifths last year. The main reason for this trend, of course, is interest rates.

While these have been declining the world over, the drop has been less marked in the U.S. than elsewhere. Chase, for instance, reported that its net interest income (the difference between what it paid for and earned on funds) on U.S. business dropped from 2.32 per cent in 1976 to 1.99 per cent last year. But the overseas rate fell from 1.78 per cent to 1.73 per cent in the same period.

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Authors in revolt over share purchase

BY OUR OWN CORRESPONDENT

NEW YORK, April 19.

AN UNUSUAL authors' revolt has been threatened by some well known literary names published by Houghton Mifflin, one of the leading publishing houses in the U.S.

John Kenneth Galbraith, the economist and pundit, Arthur Schlesinger Jr., the historian, and others are warning that they might abandon Houghton Mifflin if it is taken over by Western Pacific Industries, a diversified company with interests in railroads and engineering.

Nerves have been taut at Houghton's Boston, Massachusetts, headquarters, since Western Pacific disclosed last

month that it had purchased 6.7 per cent of the publisher's 3.28m. outstanding shares. For investment purposes, Houghton which had a net profit last year of \$9.8m. on sales of \$134.4m., tensed itself for an expected merger proposal from Western Pacific but none has yet materialised.

In the meantime, authors responsible for more than half the company's sales have waded in with warnings that they might abandon Houghton Mifflin if it is taken over by Western Pacific Industries, a diversified company with interests in railroads and engineering.

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Broadcasting slows CBS

By Our Own Correspondent NEW YORK, April 19.

CBS, the world's largest broadcasting and record company, reported a mere \$0.7m. increase in first quarter profit to-day and blamed falling earnings in its broadcasting group for its modest performance.

The company's net earnings of \$33.7m. or \$1.22 a share were a shade below analysts' expectations, while sales of \$732m. were above most predictions.

Last year's first quarter net profit was \$33.7m. or \$1.22 a share on sales of \$634.4m.

CBS's television network is fighting hard to regain its number one spot in the ratings which has been ceded to ABC for the last 18 months.

The profits figure indicates that competition is growing heavily in this area and its brief statement this morning acknowledged that broadcasting earnings had been reduced by "heavy television network programming expenses."

However, the three other business groups, Columbia Group Records and Publishing had turned in favourable results, said the company. Revenues from broadcasting were up 10 per cent, the record group's sales rose 19 per cent, the Columbia Group's 21 per cent, and the publishing group's 19 per cent.

Top 500 sales record

BY OUR OWN CORRESPONDENT NEW YORK, April 19.

COMBINED SALES of the top 500 U.S. industrial companies listed by Fortune Magazine passed the \$1,000bn. milestone last year, gaining 11.9 per cent on the 1976 aggregate.

However, the 500 scored a net income rise of only 6.5 per cent, compared to the 30.4 per cent registered in the economic recovery year of 1976.

Among the most notable achievers last year was General Motors, which after three years had recaptured the number one sales ranking from Exxon.

Atlantic Richfield, which moved up two and 23 lost money. Median return on stockholders' equity placed 13th, thanks to Asian oil revenues and the purchase of Anaconda, and DPF, which elbowed its way into the rank-lings by boosting its sales 2,132 per cent.

SHAREHOLDERS will get proxy material for a special meeting of Marine Midland Bank to consider the proposed acquisition by Hongkong and Shanghai Banking Corporation, Mr. Edward W. Duffy, Marine Midland chairman, said in remarks prepared for the regular annual meeting.

Mr. Duffy said the proxy statements would be mailed "within the next few months." He declined to "discuss the ramifications of the partnership at this time" for fear his comments might be misconstrued as soliciting proxies.

AP-DJ

AT & T sees good year

MIAMI BEACH, April 19.

AMERICAN TELEPHONE and Telegraph chairman, Mr. J. Debutts, told shareholders the annual meeting to-day experience so far this year's 1978 will be a stronger growth than was expected at the beginning of the year.

AT and T earlier reported earnings for the January-March period of \$1.28m., or \$1.81 a share, against \$1.06m., or \$1.58 a share, in 1977, on revenues up \$3.74m. to \$9,580m.

Mr. Debutts said the income despite a statement annual report that it was unrealistic to expect the degree of acceleration in earnings experienced in 1977 to continue through 1978. But he was cautious about earnings rates in 1978 - last year was 15 per cent.

Mr. Debutts said 1978 spending would be about more than the \$12.8m. deficit in the annual report difference is almost attributable to revised estimates of growth by Bell System companies.

AT and T has still to what information the Department intends to trial, information which termed vital for the preparation of an adequate defence.

AP-DJ

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

ICE
INSTITUTO COSTARRICENSE DE ELECTRICIDAD

U.S. \$22,500,000
MEDIUM TERM LOAN

MANAGED BY
CHASE MANHATTAN LIMITED

PROVIDED BY
THE CHASE MANHATTAN BANK, N.A. COMPAGNIE FINANCIERE DE LA DEUTSCHE BANK AG
THE ROYAL BANK OF CANADA UNION BANK OF SWITZERLAND (PANAMA) INC.
AGENT
THE CHASE MANHATTAN BANK, N.A.

3 APRIL 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

IO

Dragados y Construcciones, S.A.
\$30,000,000
Medium term loan

Amrobank voor België N.V. Banco Arabe Español, S.A.
(an affiliate of Amsterdam - Rotterdam Bank N.V.)
Crédit Lyonnais Dresdner Bank Aktiengesellschaft
Madrid Branch
The First National Bank of Boston

Manufacturers Hanover Trust Company

Agent Bank
Manufacturers Hanover Limited

Adviser to the Borrower
Banco Central, S.A.

March, 1978

AMERICAN QUARTERLIES

AMERICAN HOSPITAL SUPP.	PRUDENTIAL GROUP	RALSTON PURINA	VIRGINIA ELECT. & P.
First Quarter 1978 1977	Third Quarter 1978 1977	Second Quarter 1978 1977	First Quarter 1978 1977
Revenue 382.7m. 348.3m.	Revenue 997,000 1.3m.	Revenue 1.0bn. 951.0m.	Revenue 392.0m.
Net profits 20.6m. 18.5m.	Net loss 54,000 16,000	Net profits 39.0m. 35.0m.	Net profits 54.0m.
Net per share... 0.53 0.43	Net per share... 0.02	Net per share... 0.36 0.32	Net per share... 0.51

BECKMAN INSTRUMENTS	PULLMAN	TRW INC.	WELLS FARGO
Third Quarter 1978 1977	First Quarter 1978 1977	First Quarter 1978 1977	First Quarter 1978 1977
Revenue 88.0m. 73.0m.	Revenue 500.0m. 487.0m.	Revenue 670.4m. 778.9m.	Revenue 25.0m.
Net profits 6.0m. 4.0m.	Net profits 4.0m. 6.0m.	Net profits 35.9m. 31.7m.	Net profits 25.0m.
Net per share... 0.68 0.04	Net per share... 0.35 0.52	Net per share... 1.10 0.86	Net per share... 1.14

BORDEN
First Quarter 1978 1977
Revenue 644.0m. 624.0m.
Net profits 28.0m. 36.0m.
Net per share... 0.89 0.85

BRUNSWICK CORP.
First Quarter 1978 1977
Revenue 384.5m. 261.0m.
Net profits 8.9m. 997,000
Net per share... 0.45 0.61

CESSNA AIRCRAFT
Second Quarter 1978 1977
Revenue 166.0m. 159.0m.
Net profits 5.0m. 10.0m.
Net per share... 0.83 1.15

CHESEBOROUGH-POND
First Quarter 1978 1977
Revenue 268.0m. 190.0m.
Net profits 16.4m. 15.2m.
Net per share... 0.51 0.47

CONTINENTAL GROUP
First Quarter 1978 1977
Revenue 922.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

West Germans may bar Daimler link with Fiat

TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

TURIN, April 19.

WEST GERMAN Carle approved by the EEC. The Carle Office's intervention in the Fiat/Daimler-Benz discussions was criticised today by Fiat's largest German subsidiary, and Fiat president of Fiat.

Speaking before the opening of the Turin Motor Show, Sig. Agnelli said the agreement had been "jeopardised" even though a great need existed to create a "European dimension" in the components industry to meet overseas competition.

Fiat executives indicated last night that they were determined to press ahead with the negotiations.

These talks, carried on during the last 18 months between Daimler and IVECO, the Fiat dominated commercial vehicle

company which includes Magirus Deutz, another West German company, are believed to have been informally approved by the EEC.

The issue could therefore become something of a test case. The two vehicle companies believe they can only produce a heavy-duty automatic gearbox of their own if they can spread the cost over both their ranges of urban buses, of which production amounts to only about 6,000 units a year.

If they are forced to abandon the joint project, they would almost certainly have to go to an outside supplier for the units, which would probably mean buying in from a U.S. component manufacturer.

Saciilor steelmaker turns in heavy loss

By David White

PARIS, April 19.

THE DIMENSIONS of the steel crisis in Lorraine became painfully clear today with the announcement of a staggering Frs.2,232m. net loss—almost \$500m.—at Sacilor, operating subsidiary of the Wendel-Saciilor group. The loss was more than three times the previous year's shortfall of Frs.723m.

The company said its result reflected, one the one hand, worsening market conditions and, on the other, the fact that results of the ambitious Solmer steel complex at Fos on the Mediterranean coast near Marseille have for the first time figured in Sacilor's accounts.

Saciilor's operating loss doubled last year to Frs.2,232m. from Frs.1,133m. Depreciation charges totalled Frs.564m., including Frs.98m. accounted for by the group's participation in Solmer.

The company is omitting its dividend.

Earnings fall at Alimentaire

By Our Own Correspondent

PARIS, April 19.

GENERALE ALIMENTAIRE, the French food arm of Sir James Goldsmith's Anglo-French empire, suffered a drop in earnings last year, blamed partly on Government price controls. The company's net profit in an exceptional nine-month accounting period from April to December, covering a changeover to calendar-year accounting, was Frs.16.7m. (\$3.83m.), compared with Frs.29.5m. earned in the preceding 12 months.

The dividend, all but 1.5 per cent. of which goes to Sir James' master company Generale Occidentale, is cut from a net Frs.3.80 to Frs.2.50 per share.

At the end of last year, during which Sir James bought up all the shares of the British Cavenham Food Group which his company did not already own, Cavenham's 98 per cent. share of Generale Alimentaire's stock was transferred to the master company. Under the same reorganisation plan, which gives Generale Occidentale two separate food arms, control of the overseas subsidiaries Felix and Sanders International comes under Cavenham.

Generale Alimentaire's turnover in the nine-month period totalled Frs.544m., compared with Frs.736m. in the previous 12 months—slightly over par for the course.

MEDIUM-TERM LOANS

Active Brazil meets cheerful reception

BY FRANCIS GHILLES

BRAZIL continues to be active in the medium term markets and seems to be able to raise longer term money (10-12 years) without problem. The latest loan for a Brazilian borrower is \$130m. over ten years with three years grace for Minerao Rio do Norte, to develop a bauxite project.

Other terms include a spread of 17 per cent and no guarantee. The borrower is jointly owned by Companhia Vale do Rio Doce, the Brazilian state holding company, Alcan, Norsk Hydro, Reynolds, Shell and the Spanish state holding company INI. Joint lead managers of the loan are Orion Bank, which is also agent, Irving Trust Co. and Royal Bank of Canada.

Meanwhile, the \$200m. ten year loan for Electrobras has been increased to \$250m. with terms otherwise unchanged (a spread of 17 per cent. throughout and a state guarantee). Joint lead managers are Credit Commercial de France, Manufacturers Hanover and Banque pour le Financement de l'Energie Nucleaire.

The \$175m. loan for the Jituipo hydro-electric project on the frontier between Brazil and Paraguay is understood to be going well, not least where the \$75m. twelve tranche is concerned. Together with the good response to the other loans currently in the market, this suggests that the money for Brazil could become "normal".

A \$100m. for Ecuador with a maturity of seven years and a split spread of 11-17 per cent. which Algemeine Bank Nederland had been mandated to arrange has been delayed by the resignation of the Ecuadorian Minister of Finance. Confirmation that the loan will proceed is expected in the next week.

Other loans being arranged at present for various Latin American borrowers include \$100m. for eight and a half years for the utility company Agua y Energia Electrica. This loan, which will be state guaranteed, carries a spread of 17 per cent. throughout. Lead manager is Citicorp.

Mexico's Foreign Trade Bank is expected very shortly in the market for a \$250m. loan. Corporation Venezolana de Fomento, a state agency is meanwhile raising \$55m. for two years on a spread of 17 per cent. Joint lead-managers are Orion and Royal Bank of Canada.

Nine Japanese consortium banks headed by Mitsubishi Trust and Banking Corporation have arranged a ¥10bn. long-term loan for the Agricultural Development Bank of Iran. The loan carries no Government guarantee. Repayment will begin after a seven-year grace period and will be made in seventeen half-yearly instalments. According to Mitsubishi Trust this loan is the first yen denominated loan to be financed by the pension funds of several members of the syndicate. The use of pension fund finance for such an operation first became possible at the beginning of this month.

One feature of the recently signed Saudi Riyal 300m. (about \$87m.) loan for Redec is that, although the spread paid by the borrower is 2 per cent. over the Saudi interbank rate, there is a minimum rate of 7 1/2 per cent. The Riyal interbank rate currently stands at 9 1/2 per cent.

The United Overseas Bank \$25m. issue was priced at par to yield 6.00 per cent. with terms otherwise unchanged by lead managers Chase Manhattan Ltd. and Salomon Brothers.

Sterling denominated bonds were heavily traded yesterday with prices moving up sharply in the morning only to fall back later on in the day.

The Deutschmark sector was also in better shape yesterday and was arranged last September and

BLAGDEN & NOAKES (HOLDINGS) LIMITED

HAS ACQUIRED

W. W. BALL & SONS LTD.

THE UNDERTAKING OF BLAGDEN & NOAKES (HOLDINGS) LIMITED IS TRANSFERRED TO THE ACQUISITIVE SOCIETY GROUP LIMITED

CITICORP INTERNATIONAL GROUP

INCORPORATED IN THE U.S.A.

KZO heads back to profit

CHARLES BATCHELOR

THE DUTCH-based chemicals company hopes to reduce its losses in the current year and to go back to profit in 1979. It is to be in the black in the quarter of 1978, retiring its board chairman, Mr. Krijnenhoff told a Press conference.

whose main activities are chemicals, pharmaceuticals and consumer products, reported a net loss of \$23.5m. in 1977. A Frs.6m. net profit in more extraordinary items, less to a net loss of \$m. (\$75.1m.) from a loss of \$53m. when extraordinary items are taken into account.

group hopes to achieve the element in 1978 by reducing its losses in the chemical division, through cost savings, and slight improvement in the of the others.

the company again re- from tax credits on Akzo is now over, however, and

viss profits down again

JOHN WICKS

ZURICH, April 19.

ABILITY OF Swiss companies against the dollar, but also has again taken a turn in comparison with work in view of the West German mark. The Chamber of Commerce, according to the Chamber of Commerce, expresses its concern at the monetary disadvantage is not a aggravated by an inflationary rise in costs and by a more competitive ability of the tax authorities. There should be no additional fiscal and social costs, nor additional administrative rulings which would further jeopardise Swiss at that the value of the competitive remains high, not

BASF payout

By Guy Hewitt

FRANKFURT, April 19.

BASF, the large West German chemicals group, today announced that its Supervisory Board is recommending a dividend of DM8 per DM50 nominal share for 1977.

For 1978, the group paid a dividend of DM8.50 a share, but although there will be a decline in cash payout for 1977, shareholders who pay Federal German income tax will be better off as a result of the country's corporation tax reform.

Atlas Copco sales surge

BY WILLIAM DUFFLORCE

STOCKHOLM, April 19.

ATLAS COPCO, the Swedish rock-drilling and compressed air equipment manufacturer, today reported a 28 per cent. increase in group first quarter sales to Kr.1,076m. (\$238m.) and a 29 per cent. rise in the order intake to Kr.1,23m. This is the largest quarterly growth in orders in the group's history. Preliminary calculations indicate that net earnings climbed in line with the turnover increase.

A WHOLLY OWNED SUBSIDIARY OF

VROOM EN DREESMANN B.V.

HAS PURCHASED

\$11,000,000 5.75% PREFERRED STOCK
CONVERTIBLE INTO 400,000 SHARES OF COMMON STOCK

OF

OUTLET COMPANY

THE UNDERTAKING OF VROOM EN DREESMANN B.V. IS TRANSFERRED TO THE ACQUISITIVE SOCIETY GROUP LIMITED

CITICORP INTERNATIONAL GROUP

INCORPORATED IN THE U.S.A.

THE REPUBLIC OF SENEGAL

U.S. \$60,000,000

PROJECT FINANCING FACILITY

MANAGED BY

CITICORP INTERNATIONAL GROUP

CHASE MANHATTAN LIMITED

BANK OF MONTREAL

BANQUE EUROPEENNE DE TOKYO S.A.

BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE (BIAO)

CREDIT AGRICOLE (CNCA)

FIRST NATIONAL BOSTON LIMITED

SOCIETE GENERALE

UBAF ARAB AMERICAN BANK

PROVIDED BY

CITIBANK, N.A.
BANK OF MONTREAL
BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE (BIAO)
THE FIRST NATIONAL BANK OF BOSTON
UBAF ARAB AMERICAN BANK
BANQUE SENEGALE-KOVIENNE
NATIONAL BANK OF NORTH AMERICA
BANQUE INTERCONTINENTALE ARABE
PROVINCIAL BANK OF CANADA (INTERNATIONAL) LIMITED
WARDLEY (VIA) LIMITED

THE CHASE MANHATTAN BANK, N.A.
BANQUE EUROPEENNE DE TOKYO S.A.
CREDIT AGRICOLE (CNCA)
SOCIETE GENERALE
BANQUE BELGE LIMITEE (MEMBER OF THE SOCIETE GENERALE DE BANQUE GROUP)
CREDIT DU NORD
BANQUE COMMERCIALE POUR L'EUROPE DU NORD (EUROBANK)
PARIBANK INTERNATIONAL (LUXEMBOURG) S.A.
UNION MEDITERRANEEENNE DE BANQUES

CITICORP INTERNATIONAL BANK LIMITED

AGENT

MARCH 1978

U.S. \$120,000,000
International
Westminster Bank Limited
Floating Rate Capital Notes 1984



In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 30 April 1978 to 30 October 1978 the Notes will carry an Interest Rate of 8% per annum. The interest payable on the relevant interest payment date, 20 October 1978 against Coupon No. 3 will be U.S. \$40.67

By The Chase Manhattan Bank, N.A., London,
Agent Bank

Weekly net asset value
on April 17th 1978
Tokyo Pacific Holdings N.V.
U.S. \$51.76
Tokyo Pacific Holdings (Seaboard) N.V.
U.S. \$37.73
Listed on the Amsterdam Stock Exchange
Information: Pleson, Holding & Pleson N.V., Herengracht 214, Amsterdam

VONTOSL EUROBOOND INDICES

PRICE INDEX	14.5.76=100%	AVERAGE YIELD	14.5.78
DM Bonds	107.34	DM Bonds	6.302
HFL Bonds & Notes	104.62	HFL Bonds & Notes	7.412
U.S. \$ 500 Bonds	100.37	U.S. \$ 500 Bonds	8.625
Can. Dollar Bonds	98.97	Can. Dollar Bonds	9.597

CITICORP INTERNATIONAL GROUP

INCORPORATED IN THE U.S.A.

Times Thursday April 20 1978

COMPANY NOTICES

M.T.D. (MANGULA) LIMITED

(Incorporated in Rhodesia)
A MEMBER OF THE MESSINA GROUP OF COMPANIES

NOTICE OF DIVIDEND AND INTERIM REPORT
The Board of Directors of M.T.D. (MANGULA) LIMITED has resolved to pay a dividend of 10% on the ordinary shares of the company for the year ended 31st December 1977. The dividend is payable on 25th April 1978 to shareholders whose names are on the register of shareholders as at 15th April 1978.

INTERIM REPORT
The interim report for the year ended 31st December 1977 shows a profit of £12,000. The company has a strong financial position and is well placed to meet its obligations.

OPERATING RESULTS
Six months ended 31.12.77
Revenue: £11,500
Operating Profit: £12,000
Net Profit: £12,000

COPPER PRODUCTION AND SALES
Six months ended 31.12.77
Production: 1,200 tons
Sales: £11,500

SHARES
The company has 1,000,000 shares in issue, all of which are held by the public.

MAINTAINED PROFIT AND LOSS ACCOUNT (INCOME STATEMENT)
Six months ended 31.12.77
Revenue: £11,500
Operating Profit: £12,000
Net Profit: £12,000

SUMMARY OF FINANCIAL POSITION
At 31.12.77
Fixed Assets: £100,000
Current Assets: £50,000
Total Assets: £150,000

COMMENTS ON RESULTS
The results for the six months ended 31st December 1977 show a profit of £12,000. The company has a strong financial position and is well placed to meet its obligations.

NOTICE OF RATE OF INTEREST
The rate of interest on the company's debentures is 10% per annum.

Union Bank of Finland Ltd.
(Incorporated in Finland with limited liability)

US \$36,000,000
7% 1969/1989 UA 15,000,000

NOTICE OF RATE OF INTEREST
The rate of interest on the company's debentures is 10% per annum.

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THE PHILIPPINE INVESTMENT COMPANY S.A.

Société Anonyme

Registered Office: LUXEMBOURG, 14, rue Adolphe

Registered Office: LUXEMBOURG, 14, rue Adolphe

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of the shareholders of THE PHILIPPINE INVESTMENT COMPANY S.A. will be held at its registered office, 14, rue Adolphe, Luxembourg, on 28th April 1978, at 11 o'clock a.m.

1. To approve and accept the reports of the directors and the statutory auditor.

2. To approve the balance sheet and profit and loss account as at the 31st December 1977.

3. To declare a cash dividend in respect of the fiscal year 1977 of 50.30 per share.

4. To discharge the directors and the statutory auditor with respect to the performance of their duties during the fiscal year ended 31st December 1977.

5. To elect directors to serve until the next annual general meeting of shareholders.

6. To elect the statutory auditor to serve until the next annual general meeting of shareholders.

7. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

By Order of the Board,
J. S. PARNALL, Secretary.

Registered Office: LUXEMBOURG, 14, rue Adolphe, Luxembourg.

THE BOARD OF DIRECTORS

G.M. BAZAARS (1923) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO 6th SECOND CUMULATIVE PREFERENCE SHAREHOLDERS - DIVIDEND NO. 78

NOTICE IS HEREBY GIVEN that the half-yearly dividend of 3p, due to the holders of the 6th Second Cumulative Preference Shares of the company, will be paid on 28th April 1978, at 11 o'clock a.m.

By Order of the Board,
J. S. PARNALL, Secretary.

Registered Office: LUXEMBOURG, 14, rue Adolphe, Luxembourg.

THE BOARD OF DIRECTORS

U.S. \$40,000,000
ELECTRICITY SUPPLY COMMISSION

Guaranteed Floating Rate Notes due 1978/1990

In accordance with the terms of the guaranteed floating rate notes due 1978/1990, the rate of interest for the interest period from 1st April 1978 to 31st October 1978 has been fixed at 9 1/2% per annum.

Agent Bank
MANUFACTURERS HANOVER LIMITED

NOTICE TO HOLDERS OF EUROFINA NOTES OF 1977 DUE 1983, HAVING APPEARED ON APRIL 10, 1978

Please read 71% instead of 7%

BANK LEUMI LE-ISRAEL B.M.
(Incorporated in Israel)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of the company will be held at the Registered Office, 14, rue Adolphe, Luxembourg, on 28th April 1978, at 11 o'clock a.m.

By Order of the Board,
J. S. PARNALL, Secretary.

Registered Office: LUXEMBOURG, 14, rue Adolphe, Luxembourg.

THE BOARD OF DIRECTORS

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit

Maturity Date 20th October 1980

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six-month interest period from 18th April 1978 to 18th October 1978 the Certificates will carry an interest rate of eight and one-sixteenth per cent. (8 1/16%) per annum.

Agent Bank
Manufacturers Hanover Limited

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

Chancery Division Companies Court

In the Matter of CAROLAN LIMITED

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named company was presented to the High Court of Justice on the 14th day of April 1978.

By Order of the Court,
J. S. PARNALL, Secretary.

Registered Office: LUXEMBOURG, 14, rue Adolphe, Luxembourg.

THE BOARD OF DIRECTORS

U.S. \$40,000,000
ELECTRICITY SUPPLY COMMISSION

Guaranteed Floating Rate Notes due 1978/1990

APPOINTMENTS

Sotheby's new group director

Sotheby's has appointed Mr. Gordon Brunton to the Board of Sotheby's Parke Bernet Group.

Mr. Brunton, who is managing director and chief executive of the Thomson Organisation, will also become chairman of the Bemoire Corporation on May 31.

Mr. Robert Paillasson has been appointed sales director of the Controls Division of ROTORK in addition to his position as director of the Thomson Organisation.

Mr. Mark Harmon, of Becker Securities Inc., Chicago, is to join SHEPPARDS AND CHASE, stockbrokers, as consultant on traded options. Sheppards and Chase are also clearing members of the London Stock Exchange.

Mr. H. E. Threlfall and Mr. R. G. Milne have been appointed joint managing directors of LANGLEY ALLOYS, a member of the Low and Bonar Group.

Mr. Barry C. Luvins has been appointed deputy chairman of FOSTER BROTHERS CLOTHING CO. and continues as managing director. Mr. Michael P. Adams has become assistant managing director and remains chairman of the group's retailing subsidiary, Adams Childrenswear.

Mr. Dennis Hill and Mr. Michael Truster have been appointed executive directors on the Board of SPERRINGS. They are managing directors respectively of two main subsidiaries, Sperrings Stores and Sperrings Newsagents.

Mr. Maurice Stone, a director and secretary of Southern Newspapers, is to become a non-executive director of Sperrings.

Mr. Patrick Cross joins the Sperrings Board as a non-executive alternate director and continues as secretary.

Mr. Denis W. Limms has been appointed president of SANDWELL AND CO. of Canada. Mr. Thumpe was born in England and was with Bowler U.K. Pulp and Paper. In 1964 he became a consultant to Sandwell before joining MacMillan Bloedel where he was made president and chief executive.

Mr. F. W. Ritchie has been co-opted a director of BURDENE INVESTMENTS.

Mr. F. M. Hughes has been appointed an executive director of SRRCK. He is chairman of the group's operations committee.

Mr. David C. Roberts has joined HOWARD TENENS SERVICES as central chief accountant reporting to Mr. Robert Grier, group financial director.

Mr. Charles Massfield has been made chief test pilot of the Manchester division of BRITISH AEROSPACE aircraft group. He succeeds Mr. Tony Blackman, who has left to take up another appointment in the aerospace industry.

Mr. D. J. Ruby has been appointed assistant managing director of NORTH TRIAX GAS. For the past two years Mr. Ruby has been an accountant in the associated company, Haglam Group of Nottingham.

Mr. H. E. Roff has retired as chief executive of MSL GROUP INTERNATIONAL and becomes non-executive chairman. He is succeeded by Mr. Garry Long, who has been appointed group managing director.

Mr. Bob Jennings has been appointed estates director and Mr. Alan Sharpe, operations director, to the Board of NORFOLK CAPITAL HOTELS.

Mr. John Day has been appointed engineering director of NORTH TRIAX GAS. He was previously the region's distribution engineer.

Mr. Robin Nien has been appointed financial controller of SLEEPZEE.

Mr. Hugh Lee has been elected chairman of the Social Services Committee of the ASSOCIATION OF METROPOLITAN AUTHORITIES.

The following under secretary changes have been made in the DEPARTMENT OF EDUCATION AND SCIENCE and the UNIVERSITY GRANTS COMMITTEE on the appointment of Mr. William Briston as president.

Mr. John Thompson, assistant secretary in finance branch, becomes head of Schools Branch 1 on the new accountancy general, and Mr. John Thompson, assistant secretary in finance branch, goes to the University Grants Committee.

Mr. Lawrence Brandes, an under secretary at the Treasury, moves to the Department of Education and Science as under secretary, arts and libraries branch on May 2.

Mr. Martin Green, having acquired an interest in ASSOCIATED TOOLING INDUSTRIES has joined the Board.

Mr. Johan T. Poldermans has joined the Board of INVESTMENT TRADING GROUPS and remains responsible for the Belfast branch.

Mr. George Cartwright has been appointed to the Board of TUBE PRODUCTS and also becomes director and general manager of the company's Washington, Tyne and Wear plant.

Mr. J. N. D. Moody has been appointed director of finance of PITNEY BOWEN.

Mr. R. F. Hunter has been appointed managing director of HYDRO-AIR INTERNATIONAL.

Mr. P. Reece, deputy chairman will now devote full time to the company's range of activities.

Mr. J. F. Carrick has become director of finance and administration. Mr. B. J. Griffin, director of manufacture and development, and Mr. A. Hanson, director of marketing.

Clydesdale Bank

BASE RATE

Clydesdale Bank Limited announces that with effect from 20th April 1978 its Base Rate for lending is being increased from 6 1/2% to 7 1/2% per annum.

The Royal Bank of Scotland

INTEREST RATES

The Royal Bank of Scotland Limited announces that with effect from 20th April 1978 its Base Rate for lending is being increased from 6 1/2 per cent. per annum to 7 1/2 per cent. per annum.

The maximum rate of interest allowed on Deposits lodged for a minimum period of seven days or subject to seven days' notice of withdrawal at the London Offices of the Bank will be increased to 4 per cent. per annum.

Bank of Ireland

announces that the following rate will apply from and including 20th April, 1978

Base Lending Rate 7 1/2% per annum

Bank of Ireland

Bank of New South Wales

Bank of New South Wales announces that with effect from Friday, 21st April 1978 its base rate for lending will be increased from 6 1/2% to 7 1/2% per annum

Bank of New South Wales, 29 Threadneedle Street, London, EC2R 8BA.

Incorporated in Australia with limited liability.

National Westminster Bank

Nat-West announces that with effect from Thursday, 20th April, 1978, its Base Rate is increased from 6 1/2% to 7 1/2% per annum.

The basic Deposit and Savings Account rates will be increased from 3% to 4% per annum.

Williams & Glyn's

Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 20th April 1978 its Base Rate for advances is increased from 6 1/2% to 7 1/2% per annum.

Interest on deposits at 7 days' notice is increased from 3% to 4% per annum.

WILLIAMS & GLYN'S BANK LTD

ART GALLERIES

AGNEW GALLERIES, 41, Old Bond St. W.1
BRITISH PAINTINGS, 28, Abchurch Lane, E.C.4
GEORGE & DARYL, 19, Cork St. W.1
COLNAGH, 14, Old Bond St. W.1
MAGNET, 10, Abchurch Lane, E.C.4
THE TROIC, 11, Abchurch Lane, E.C.4
GARDEN GALLERY, 10, Abchurch Lane, E.C.4
RICHARD GREEN GALLERY, 44, Dover Street, W.1

THE HONGKONG BANK GROUP

BASE RATES

The Hongkong and Shanghai Banking Corporation and The British Bank of the Middle East announce that their base rate for lending is being increased, with effect from 20th April, 1978, To 7 1/2% per annum from 6 1/2% per annum

Grindlays Bank Limited

Interest Rates

Grindlays Bank Limited announce that its base rate for lending will change from 6 1/2% to 7 1/2% with effect from 20 April 1978.

interest rates paid on call deposits will be: call deposits of £1,000 and over 4% (call deposits of £300-£999 3%)

of interest on fixed deposits of over £10,000 be quoted on request.

Grindlays Bank Limited

Office: 23 Fenchurch Street, London EC3P 3ED Tel: 01-626 0545

BOOKS

Performers

BY C. P. SNOW

Charles Dickens by Edgar Johnson. Allen Lane, £9.00, 601 pages.

Letters of Charles Dickens Vol. 4 1844-46 edited by Kathleen Tillotson. Oxford, £20.00, 777 pages.

Henry Irving and the Victorian Theatre by Madeleine Bingham. Allen and Unwin, £7.50, 312 pages.

Edgar Johnson has now published a shortened and revised edition of his great biography of Dickens, and issued it in one volume. There is really nothing to add to what has already been said about Johnson's work. The two volume edition was published in 1953. It stood out at once, and still stands out, as one of the most splendid of all literary biographies. It is there for good.

The new version is in the same rank Johnson hasn't made many new biographical discoveries. Probably there aren't many facts about Dickens which had escaped his tireless scholar's eye (why couldn't an Englishman have produced something as masterly?). To compress this material into one volume, Johnson has eliminated most of his critical commentary. Personally, I regret this, and shall continue to use the fuller version. His critical chapters have not met with much approval, but Dickens is by a long stretch the hardest of all English novelists for any kind of criticism to get to terms with.

The present techniques of academic criticism have shown themselves totally inadequate—which is why it took gifted outsiders such as Chesterton and the Wilsons (Edmund and Angus) to re-establish Dickens as a serious artist, heaven help us! Of course Humphrey House and his wife did devoted work, for which they received nothing like their due.

It is said that Madeleine Bingham

died just before the appearance of Volume 4 of the superb Oxford edition of Dickens's Letters. This is a wonderful collection, executed with Kathleen Tillotson's scholarship, which is comparable with Johnson's own—and wonderful because it speaks for Dickens at a crisis in his writing life (and under the surface in his personal life too). As a writer, when Dickens became more artistically self-conscious, he found it much harder to be satisfied with or settle on his initial conceptions. The dashing spontaneous flow of his youth was behind him.

Some of those early novels couldn't be said to have had any initial conception. Now he was looking round for a new way. Notice how the knockabout hilarities, humour gets forced after this period, except in *David Copperfield*. He had become bored with it. However, though he was at a loss to find major designs, his marvellous verbal creativity went on bubbling, and the more so since he wasn't writing great novels in those years (1844-1846). It comes out in these splendid letters.

Dickens had almost all the verbal gifts and he used them as one of the most versatile of all English letter-writers. He let himself go. You can find here an attack on the United States much harsher than anything in *Martin Chuzzlewit*. He was as disappointed about the United States as idealistic liberals were disappointed in the Soviet Union in the 1930s. The impressions of Venice are more brilliant and much truer than the over-heated passages in *Pictures from Italy*. He wrote with a long stretch the hardest of all English novelists for any kind of criticism to get to terms with.



Henry Irving applying his make-up—a drawing reproduced in Madeleine Bingham's book reviewed to-day

There was plenty of aspiration, but not much forgiveness going round. Dickens might have realised that he, too, was likely to be a fallen sinner.

Henry Irving was the nearest thing one can imagine to a Dickens in the theatre, as magnetic, as dominant, as much larger than life, as jarring to aesthetic persons, as Dickens was himself. Not surprisingly, Irving had a deep feeling for Dickens's novels, and often acted in adaptations (his *Jingle* was a Dickens novel). It appears unlikely that the two of them actually met. Irving was only 32 when Dickens died, and still obscure. Perhaps it was as well that they didn't. There was room for only one actor when Dickens was around. Madeleine Bingham has received much praise for her studies of Vanbrugh and Sheridan, and she has deserved all of it. She knows the stage, and has an understanding of men and women that is tough-minded, at the same time affectionate and entirely unsentimental. This book on Irving is the best of her biographies. For anyone who is a Dickens fan, it is a help to be nearer her own time. She can and does get rid of a lot of the nonsense about Irving and Ellen Terry. Of course she was his mistress. Madeleine Bingham says: 'No one in his senses doubted it then, or should do so now. Ellen Terry made a profession of sweetness, and some of that was genuine nature; but Madeleine Bingham, like Max Beerbohm before her, perceives a steely will co-existing along with the sweetness. She usually knew what she wanted and she usually got it.'

What should we think of Irving if we now saw him on the stage? Without any doubt, he must have had the greatest gift an actor can have, a gift far more essential, far more animal, than technique. When he was acting, you couldn't look at anyone else. Shaw, who was an enemy, reluctantly conceded as much, but otherwise wanted to tell us that Irving was old-fashioned and ham. Beerbohm, a much cooler judge, thought that Irving's admirers were wrong. Whatever was said against him, he was a great actor. We can only guess at his effect upon us. When one reads the contemporary Press, it doesn't make much more sense as though it could. If there were someone good enough, he played that way at Stratford-to-morrow.

Fiction

Turkish delights

BY ISOBEL MURRAY

The Tourist Season by Frances Oliver. The Bodley Head, £4.95, 219 pages.

Sleeping Dogs by Frank Ross. Macmillan, £4.95, 387 pages.

Night Season by Christiana Barnard and Siegfried Stander. Hutchinson, £4.95, 286 pages.

Laura by G. M. T. Parsons. André Deutsch, £3.50, 159 pages.

A young woman, part-sophisticated by an eight-year relationship with an experienced older man, a small, almost unpeopled Turkish village on the Mediterranean coast: changes in both. In a nutshell, that is what Frances Oliver's *The Tourist Season* is about: (that is all it is about. And yet it is a book that demands to be read and savoured carefully, and lingers in the mind.)

This, it seems to me, is simply because Frances Oliver does it all so well. There is the character and consciousness of Sarah Jenner, through whom we experience the novel. Part-sophisticated, part naive, and part mature, and good at some kinds of insight. But also part-blind, and with aspects of herself frozen or paralysed by past experience. Frances Oliver's rendering of Sarah is fine and unobtrusive, and her idle, anonymous experience, especially her drinking and drug-taking at unhappy times, is conveyed matter-of-factly, credibly.

The village she happens on is already doomed to change, to a great extent, than she can foresee. Already a few European eccentrics are tolerated, although traditional ways apparently rule. These include segregation of the sexes, even (or especially) at weddings, hard-working, prematurely-old women, decorative, lazy men, the Turkish house where only men—and European women—can lounge.

But the small European presence is beginning to change the village, at least as much as the tourists who come to see the temple and quickly leave again. Sarah forms an unconventional friendship with two young men, and then judges them by her own very individual stan-

dards when they take what they are variously offered. Sarah's self-discovery is unpleasant and slow, and her gradual understanding of the village and the changes wrought by commercialism, property development, tourism, smuggling and archaeology is also slow. By the end, and with help, she has understood the changes in the village, but her self-discovery is less complete. She has isolated one genuine relationship, and resolves to try to pursue it. A perceptive and skilful novel.

Frank Ross's *Sleeping Dogs* is a splendid espionage thriller. The basic plot involves four characters, the "sleeping dogs" of the title, who have been carefully infiltrated into a small American town by the KGB some 20 years ago and left to dig in, become accepted, American. It also involves Sam Hanlon, a CIA agent sent in 17 years ago when a tip-off revealed who was in the town and very secret duty is to monitor every move of the four, and their families.

Inevitably, over the years, all five families have become very close, and the majority of the characters know nothing of each other. This peace is disrupted when a series of messages between officials inside the Kremlin secretly opposes world détente—a planned American-Russian-Chinese Summit in the U.S.A.—and activates the Kingfish cell. Sam Hanlon is faced with fearful some decisions and divisions of loyalty: his friends begin to die, he is himself suspected; he encounters a ruthless young man with a murderous Doberman, representing the KGB, and a man who is the spot when people die. Finally, he has to decide about his closest friend—to help him escape or let him die.

Meantime the novel is packed with complications, the in-fighting in Moscow, the relationships between the wives, and of Hanlon's son with the son of his friend, and the approach of the Summit with the possibility of assassination still unresolved. The plot takes a number of jays and turns, and the book sustains plot interest and human interest to the very end.

Night Season by Christiana Barnard and Siegfried Stander is, not surprisingly, the story of a South African doctor in an intense moral dilemma, with a background of political unease and danger. And given that it is not surprising, it is a readable and entertaining novel.

The plot is messy, concerning the present and past dilemmas of the doctor, Charles de la Porte. As it stands, the novel is a bit of a mess, but it is a doctor, has a terminal write a 40 year old no

Crimes

BY WILLIAM WEAVER

Angel of Death by James Anderson. Constable, £4.25, 217 pages.

Some time ago, with his *The Affair of the Bloodstained Egg*, James Anderson unwarily attempted a parody of Agatha Christie. His book had some delightful features (and occasionally did suggest the early, Wodehousean *Christies*), but was not a complete success. This new novel pays homage to Dame Agatha in a different way. The author here simply takes over the memorable Christie plot (that of *Ten Little Niggers*, also known as *Ten Little Indians* or *And Then There Were None*), gracefully acknowledges his source, then creates an interesting variation on an Agathian theme. Here the setting is in an Oaxaca-like yacht, with a cast of ill-assorted figures, all apparently destined to die except the unknown murderer. It is not impossible to guess who this is, but it is highly unlikely that even the most astute reader will guess how he did it.

Persons Unknown by Gwen Moffat. Collins, £3.75, 174 pages.

Gwen Moffat's unflappable Miss Pink is in West Wales, where some nasty murders mar the natural peace (threatened also by a fast-breeder reactor). The solution involves rather a lot of complicated explanation, but with all this author's books there is a wealth of the most meticulous scene description, which makes the places almost more important and more real than the people. As usual, too, the writing is always very fine and spare.

Judge Me Tomorrow by Hamilton Johnson. Collins, £3.75, 194 pages.

Some readers may object to Mr. Johnson's tricky denouement (and others may have seen it coming), but this book is distinguished by the unusually clear characterisation of the central figures, the narrator and his woman friend. Smaller roles are also sharply defined, and whether the final twist works or not—the book is thoroughly enjoyable reading.

X Marks the Spot by Michael Butterworth. Collins, £3.75, 181 pages.

This is one of Michael Butterworth's "black comedies," but it is much less substantial than its exhilarating predecessors. Essentially, what the author has to tell is a joke. It is a good joke, but it is spread thin, and in the latter half sometimes seems forced. An enjoyable read, nevertheless, for the undemanding.

The Impostor by Helen McCloy. Collins, £3.75, 182 pages.

Helen McCloy has long been fascinated by ciphers, and they play an important part in this latest novel. It begins in an atmosphere of quiet, restrained horror: a young woman wakes in a psychiatric clinic, after having been in an automobile accident. Firmly, the psychiatrist contradicts everything she recalls. When she is released, she takes her car to her word. No one is what she seems. Gradually, this closed atmosphere opens out to embrace industrial espionage, murder, and other forms of violence. A carefully gauged escalation of excitement.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered motor vehicles (excluding school buses) and unregistered vehicles (all seasons) registered.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unreg. vehicles
1977						
1st qtr.	103.2	105.2	112	103.3	216.4	1.2
2nd qtr.	102.0	103.0	104	102.5	222.0	1.1
3rd qtr.	102.7	103.7	108	104.3	224.2	1.1
4th qtr.	102.0	102.9	106	104.4	225.4	1.1
Oct.	101.7	102.7	113	102.1	223.1	1.1
Nov.	101.6	102.1	109	103.1	226.3	1.1
Dec.	102.8	103.7	99	106.9	246.0	1.2
1978						
Jan.	103.0	103.2		104.9	241.0	1.1
Feb.	103.8	103.8		106.3	246.5	1.1
March				106.0		1.1

OUTPUT—By market sector: consumer goods, investment goods (materials and fuels); engineering, metal manufacture, textiles, leather and clothing; housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intend. output	Eng. output	Metal	Textiles
1977						
1st qtr.	115.8	99.4	106.1	100.4	83.9	83.9
2nd qtr.	115.3	97.8	105.2	98.9	80.5	80.5
3rd qtr.	115.3	97.9	104.8	99.4	83.3	83.3
4th qtr.	117.0	97.1	101.1	99.1	74.8	74.8
Oct.	117.0	98.0	101.0	99.0	75.0	75.0
Nov.	116.0	97.0	101.0	99.0	70.0	70.0
Dec.	118.0	98.0	103.0	100.0	79.0	79.0
1978						
Jan.	116.0	99.0	104.0	100.0	78.0	78.0
Feb.	118.0	99.0	106.0	100.0	78.0	78.0

EXTERNAL TRADE—Indices of export and import (1975=100); visible balance; current balance; oil balance of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Exchange reserves
1977						
1st qtr.	136.1	137.5	-947	-505	-800	
2nd qtr.	141.7	141.2	-764	-384	-745	
3rd qtr.	145.3	144.0	-54	-483	-602	
4th qtr.	147.6	144.9	-53	-155	-228	
Nov.	147.2	143.8	-47	-170	-154	
Dec.	148.3	143.8	-78	-26	-275	
1978						
Jan.	149.1	141.4	-374	-234	-236	
Feb.	148.5	141.8	-40	-180	-202	
March	149.6	142.7	-24	-35	-203	

FINANCIAL—Money supply M1 and sterling M3, base rate in sterling (three months rate); domestic credit expansion (M3); building up; inflow; RP, new credit; all seasonally adjusted.

	M1	M3	Base rate	Dom. credit	RP	Inflow
1977						
1st qtr.	1.3	-8.8	5.3	-74	492	
2nd qtr.	35.0	15.3	5.5	+769	1,390	
3rd qtr.	36.7	14.9	5.0	+385	1,084	
4th qtr.	21.2	14.1	8.4	+256	825	
Oct.	35.5	14.2	4.9	+351	825	
Nov.	41.4	19.5	6.1	299	554	
Dec.	21.2	14.1	8.4	109	421	
1978						
Jan.	24.3	16.2	13.4	348	388	
Feb.	21.9	18.4	17.9	384	353	
March	19.9	16.2	17.5	437	308	

INFLATION—Indices of earnings (Jan. 1978=100); materials and fuels, wholesale prices of manufacturing (1970=100); retail prices and food prices (1974=100); commodity index (July 1952=100); trade weights sterling (Dec. 1971=100).

	Earnings	Basic mfg.	Wholesale mfg.	RPI	Food	Com. ind.
1977						
1st qtr.	112.5	241.5	248.0	174.1	184.7	2.1
2nd qtr.	114.5	247.7	253.2	181.9	191.1	2.1
3rd qtr.	116.1	248.5	257.7	184.7	192.1	2.1
4th qtr.	119.9	238.6	272.1	187.4	193.3	2.1
Oct.	117.9	233.8	271.0	186.5	192.7	2.1
Nov.	120.1	229.9	272.0	187.4	192.9	2.1
Dec.	121.7	228.0	273.3	188.4	194.8	2.1
1978						
Jan.	121.8	224.9	277.1	188.5	195.1	2.1
Feb.	122.6	224.1	279.2	190.5	197.3	2.1
March	123.7	228.4	280.4	191.8	198.4	2.1

*Not seasonally adjusted.

Two solutions

BY REX WINSBURY

The Dilemma of Democracy by Lord Hallam. Collins, £4.50, 238 pages.

What's Wrong with the Modern World? by Michael Shanks. Bodley Head, £3.95, 176 pages.

These two thoughtful and disturbing books are remarkable for their similarities rather than their differences and carry more force read together than read separately. The authors are anything but similar—Lord Hallam, every man's thinking High Tory; Michael Shanks, chairman of the National Consumer Council, ex-Financial Times journalist, author of that trendy diagnosis of the ills of the 1980s, *The Stagnant Society*.

But both paint a picture of a splendidly lively, living beyond its means, in a sort of economic and political Rake's Progress towards some awful political doom. With the greater verbal panache, Hallam's is the more

suspension... the day of reckoning will come. In a cooler, less Biblical style, Shanks writes:

"We have, individually and collectively, been demanding more from the economic system than it is capable of delivering at current levels of technology... inflation starts to rise again, if unemployment remains at present levels, democracy could become unworkable, to be replaced either by totalitarianism or Mafia-style anarchy."

Both authors see a solution in principle, if not in detail. Hallam calls it a new constitution; Shanks calls it a new social contract—but what is a constitution except an elaborate social contract? And in practice, is Shanks's call for agreement under his social contract not to spend more on welfare and subsidies than the nation can afford, any different to Hallam's call for "limited government"?

One should not, of course, overlook the differences. Hallam's is essentially a politician's manifesto, in effect an update of his *Case for Conservatism*, and he has some very specific political proposals—pre-emptive reform of the House of

Lords, a Bill of Rights for the individual, a written U.S.-style constitution for this country. On behalf of his theory of limited government, he argues that:

"In place of uniformity it offers diversity. In place of equality it offers justice. In place of concentrating it diffuses power. It offers protection against the oppressive power of unions and corporations."

For Shanks (as perhaps he is a member of the NEDC) the aim rather is to broaden the search for consensus between unions, corporations and government to find a broader, more enlightened social contract than the limited one that we are familiar with. So where one would seek to protect the individual against these dominant producer interests, the other would entrust our fate to them by putting even more responsibility where power undoubtedly lies.

This is an important difference, politically and emotionally; but it should not obscure the consistency of the analyses offered—or the general consistency of the solutions offered, in terms of restored social discipline and national (and international) self-restraint.



Vicky's drawing of Victor Gollancz

Golly!

BY ANTHONY CURTIS

Gollancz: The Story of a Publishing House 1928-1978 by Sheila Hodges. Collins, £7.50, 256 pages.

The history of a publishing house is no light task. The wealth of material overwhelms the conscientious chronicler. But there have been several memorable publishing histories: Michael S. Howard's *Jonathan Cape*, Publisher, for instance, or going back a little, Arthur Waucho's history of Chapman and Hall. Charles Morgan did a rushed but readable job on Macmillan. Royal A. Gettmann's thorough one on the house of Bentley in a Victorian Publisher. Sheila Hodges' *Gollancz* must now be added to this company. Like Waucho she writes from the point of view of a loyal employee of the firm who witnessed and contributed to its evolution over many years. If there is anything connected with Victor Gollancz Ltd that Sheila Hodges does not know we may be sure that it is not worth knowing.

It was often said that Gollancz was a one-man band: in a sense this was true but what emerges perhaps most strikingly from this volume is the strong support given to the great solo trumpet player by the humbler members of the orchestra who played with him, the firm, and the number of virtuosos instrumentalists who played with it for varying lengths of time before they made their names elsewhere: these include Michael Joseph, Norman Collins, Hilary Rubinstein, John Gross and Giles Gordon.

What dominates the book however is the patriarchal figure who founded the firm in Henrietta Street in 1928. No one can ever have possessed the insatiable appetite for books, the extraordinary range of interests, the constantly renewed excitement

ment at the prospect of next season's plums, which characterise a great publisher, to a fuller extent than Victor Gollancz. The author brings him gloriously to life through his memoirs, his letters to authors, his tantrums, his infectious enthusiasms. It was 50 years ago when he left his post at Ernest Benn to start his own firm. Before that he had been a schoolmaster at Repton for a couple of terms and he combined the outlook of a born educator with the shrewdness of a fearless literary impresario. His first list contained books on current affairs, fiction, thrillers and won plaudits from fellow publishers (not the most generous of men to their rivals) and the mix became richer and richer with the years.

An early attempt at paperback publishing, misfired, but the introduction of the Left Book Club scored immediate and lasting success until the end of the war. It contributed significantly to the growth of Labour movement in this country in the way no publisher, venture has ever done before or since. After the war VG himself turned more to works of philosophy and religion for his pet projects including his own highly successful anthologies and bibliographies. He remained however a good businessman which he insisted was a prerequisite of a good publisher. His best-selling author, Daphne du Maurier, A. J. Cronin, Phyllis Bentley (Miss Hodges gives interesting close-ups of them all) remained loyal to him. They and countless lesser lights whose works have appeared in the famous yellow jackets have stayed with the flourishing, still independent VG imprint, now in the capable hands of his daughter Livia. Long may it continue.

Amazonia

BY HUGH O'SHAUGHNESSY

Assault on the Amazon by Richard Bourne. Gollancz, £8.50, 320 pages.

At last a thoughtful book on Amazonia. Richard Bourne has already made a name for himself as careful and lucid observer of the Brazilian political scene with his book about the populist leader Getulio Vargas. His latest work chronicles the efforts of the present series of military governments to develop this vast area of six million square miles. Mr. Bourne steers a sensible course between the extremes of opinion of those who on the one hand see the area as a new frontier area to be brought into

production at any cost and those who on the other want to keep it as their vision of Arcadia, a gigantic reserve for Indians and local fauna.

"Although I give a high priority for the real preservation of the bulk of the rainforest I do not think that economic advance could or should be excluded from the region," he says strongly. "What I do feel strongly is that poor Brazilians, among whom I include the Indian groups, should benefit from the economic development that takes place, and that the modes of development should harmonize with preservation of the forest wherever possible."

Tito and Trieste

BY ZARA STEINER

The Race for Trieste by Geoffrey Cox. William Kimber, £3.95, 294 pages.

Sir Geoffrey Cox's book is a gripping account of the last battleground in the Mediterranean of World War II and one of the first confrontations in the Cold War. Sir Geoffrey is an experienced journalist and an excellent writer who has already published an important book of memoirs about his experiences as an Intelligence Officer attached to General Freyberg's 2nd New Zealand Division. Almost half of this book is

devoted to an account of the Division's last campaign against the Germans which culminated in the crossing of the Po River on April 23, 1945.

Drawing on his personal experiences and memories, Sir Geoffrey recaptures brilliantly the mood of battle, the reactions of soldiers and civilians to the tides of war, the rewards and costs of victory. He not only writes warmly of the New Zealand troops with whom he served but does full justice both to the bravery and the fanaticism of the German troops whom they fought. As one might expect

from an ex-Intelligence Officer, there is a good balance maintained between the general and the particular, the overall campaign, and the individual incident.

It is only in the later sections of this book that Sir Geoffrey turns to the subject to which his title refers. Tito was determined to seize Trieste and annex it and the surrounding area to

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Up five despite credit-tightening move Pound steadier

BY OUR WALL STREET CORRESPONDENT

FOLLOWING YESTERDAY'S setback on profit-taking, Wall Street moved modestly higher to-day, helped by the dollar's continuing stability on Foreign Exchange.

After an initial rise, the stock market sustained a reaction, shortly followed mid-session, unsettled by reports from Government Securities dealers that the Federal Reserve Bank of New York had entered the money market to drain bank reserves. Federal Funds, the key money market rate, stood at 6 1/2 per cent at the time of the Fed move, indicating to analysts that it was tightening credit policy.

However, shares later regained their luster, and the Dow Jones Industrial Average, after rising to 112.72 and retreating to 112.50, improved to 112.74 for a gain of 4.77 on the day. The NYSE All Common Index finished 19 cents higher at 112.74, after trading in the extremes of 112.50 and 112.90, while gains finally outweighed declines by 872 to 623. Trading volume came in a heavy 330.6m.

WEDNESDAY'S ACTIVE STOCKS

Stock	Change
Am. Elec. Power	+1.00
Am. Gas	+1.00
Am. Oil	+1.00
Am. Sugar	+1.00
Am. Tobacco	+1.00
Am. Water	+1.00
Am. Zinc	+1.00
Am. Iron	+1.00
Am. Steel	+1.00
Am. Copper	+1.00
Am. Aluminum	+1.00
Am. Lead	+1.00
Am. Tin	+1.00
Am. Silver	+1.00
Am. Gold	+1.00

shares, although this was down 3.8m, compared with yesterday's advance of 11.7m. Monday's all-time record of 63.5m.

Wall Street analysts said the market's improvement was also helped by the fact that a Government report early to-day of a 0.6 per cent decline in the economy's real growth in the first quarter did not trigger any selling.

Among companies reporting higher earnings, Hellenic rose 3 1/2 to 37 1/2, American Airlines 1 1/2 to 27 1/2, and first dividend since 1971, put up \$1 to \$1 1/2, and CBS were up \$1 to \$1 1/2.

Hewlett-Packard advanced \$2 to \$72, Inland Container \$2 1/2 to \$28 1/2, Tandy \$1 1/2 to \$31 1/2, and General American Oil and Gas \$1 1/2 to \$55 1/2.

THE AMERICAN SE Market Value
Index registered 0.17 to 134.83. Volume 3.8m, shares (4.31m.).

OTHER MARKETS

TOKYO—After Tuesday's late reaction, the market showed renewed strength yesterday as institutional investors actively bought leading issues, from the recent rally on Wall Street and also benefited by the dollar's better performance against the yen in Tokyo. The Nikkei Dow Jones Average rose 21.12 to a fresh postwar record high of 5,535.84, with volume amounting to 390m.

because of imbalance of orders. In contrast to the generally firm trend, Portfolios were weak and Banks and Stores were irregular.

BRUSSELS—Profit-taking caused a softening tendency after the recent firmness.

Hoboken lost 90 to B.Fr.2453 and Petrobras 55 to B.Fr.4170, but Electrolux hardened 200 more to B.Fr.8,300.

AMSTERDAM—Mostly easier, although against the trend, Elsevier put on F.I. and Slavenburg Fls.2.3.

Among Dutch Internationals, Royal Dutch retreated another 1.25 to Fls.128.8, still underbid by the announcement of large losses incurred through currency movements.

GERMANY—The weakening trend persisted, although most issues ended above the day's worst.

Among leading Chemicals and Electricals, BASF lost 70 pfennigs after announcing a lower 1977 dividend of DM6, while Siemens shed DM1.10.

In Basel, Commerzbank lost 1.50 to S.Fr.120.00, and Deutsche DM2.40, while the announcement of large movements ranging to DM1.50 in both directions.

SWITZERLAND—Easier-inclined in very quiet dealings. In Insurance, Schweizer, Zurich Bear put on 130 to S.Fr.10,650.

on the results and proposed dividend increase. Jellmol and Grand Passage, among Department Stores, were other firm exceptions.

MILAN—Prices gained further ground on renewed general interest in moderate activity.

Alitalia moved ahead on plans to pay a 5 per cent dividend. Fiat rose 21 to L.925, but Olivetti Privileged came back 9 to L.840.

SPAIN—Market was fairly steady yesterday, although Galerías Precindor rose 5 cents to Ptas.1,240, while the rest of the market was flat.

HONG KONG—Share prices improved further in early trading, but gains were later trimmed by profit-taking.

Hong Kong Bank put on 10 cents to HK\$14.90, while Hong Kong Land HK\$7.40, Hutchison Whampoa HK\$12.75, and Swire Pacific HK\$16.50.

JOHANNESBURG—Golds were firmer as the board in fairly quiet trading on higher Bullion prices.

AUSTRALIA—Markets opened on a weaker note, but picked up later to close mixed on balance.

BHP, after initially trading at \$A8.34, moved ahead to a new 1978 high of \$A8.46 for a net rise of 10 cents, buyers were encouraged by an uptick in steel production to March, pointing to higher BHP sales.

GOLD MARKET

Gold (fine ounce)	Price
London	174.1745
New York	174.1745
Amsterdam	174.1745
Frankfurt	174.1745
Paris	174.1745
Brussels	174.1745
Geneva	174.1745
Zurich	174.1745
Basel	174.1745
Stockholm	174.1745
Copenhagen	174.1745
Oslo	174.1745
London (1976)	174.1745
London (1977)	174.1745

CURRENCY RATES

Currency	Rate
US Dollar	1.0000
British Pound	0.6903
Swiss Franc	0.7033
West German Mark	0.4836
French Franc	6.5596
Italian Lira	2036.27
Japanese Yen	360.73
South African Rand	2.0638
Portuguese Escudo	200.48
Spanish Peseta	166.64
Belgian Franc	36.36
Dutch Guilder	3.7603
Australian Dollar	0.7154
Canadian Dollar	0.7154
Israeli Sheqel	3.4836
Israeli Sheqel (1976)	3.4836
Israeli Sheqel (1977)	3.4836

EXCHANGE CROSS-RATES

Currency	Rate
US Dollar	1.0000
British Pound	0.6903
Swiss Franc	0.7033
West German Mark	0.4836
French Franc	6.5596
Italian Lira	2036.27
Japanese Yen	360.73
South African Rand	2.0638
Portuguese Escudo	200.48
Spanish Peseta	166.64
Belgian Franc	36.36
Dutch Guilder	3.7603
Australian Dollar	0.7154
Canadian Dollar	0.7154
Israeli Sheqel	3.4836
Israeli Sheqel (1976)	3.4836
Israeli Sheqel (1977)	3.4836

EURO-CURRENCY INTEREST RATES

Term	Rate
3 Months	10.50
6 Months	10.75
9 Months	11.00
12 Months	11.25
18 Months	11.50
24 Months	11.75
36 Months	12.00
48 Months	12.25
60 Months	12.50
72 Months	12.75
84 Months	13.00
96 Months	13.25
108 Months	13.50
120 Months	13.75

Indices

NEW YORK - DOW JONES

Index	Value
Dow Jones Industrial Average	112.74
NYSE All Common Index	112.74
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

STANDARD AND POORS

Index	Value
Standard & Poor's 500	112.74
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

OVERSEAS SHARE INFORMATION

NEW YORK

Stock	Price
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

AMSTERDAM

Stock	Price
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

BRUSSELS

Stock	Price
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

PARIS

Stock	Price
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

STOCKHOLM

Stock	Price
Am. Elec. Power	112.74
Am. Gas	112.74
Am. Oil	112.74
Am. Sugar	112.74
Am. Tobacco	112.74
Am. Water	112.74
Am. Zinc	112.74
Am. Iron	112.74
Am. Steel	112.74
Am. Copper	112.74
Am. Aluminum	112.74
Am. Lead	112.74
Am. Tin	112.74
Am. Silver	112.74
Am. Gold	112.74

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MARKET RE

REPORT

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Reports

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RESIST FOOD PRICE RISES

Minister told

Mr. John Gummer, Minister of Agriculture, yesterday urged the Minister of Agriculture, Mr. John Gummer, to resist any further devaluation of the pound, saying that such a move would be a "disaster" for the country.

At the meeting, only the Minister of Agriculture, Mr. John Gummer, was present. He said that the government was determined to resist any further devaluation of the pound, saying that such a move would be a "disaster" for the country.

North Sea oil cash should be used for forestry

Our commodities staff

OF Britain's North Sea revenue should be set aside to expand the nation's forestry industry, according to a report by the National Forestry Commission.

Grant aid for sugar research

The U.S. Agriculture Department

THE U.S. AGRICULTURE Department has awarded \$300,000 to Pakistan for development of sugar cane varieties resistant to frost, salt, and drought.

Call for U.S. clamp-down on sugar imports

By our commodities staff

THE U.S. International Trade Commission yesterday recommended that the U.S. clamp down harder on imports of sugar which have been blamed for "interfering with the domestic price-support system."

Optimism at rubber talks

By our own correspondent

REPRESENTATIVES from the Association of Natural Rubber Producing Countries (ANRPC) began their meeting here today to work out details of the proposed International Rubber Price Stabilisation Agreement.

U.K. barley exports hit record

U.K. BARLEY exports reached a record 366,889 tonnes in March, according to Customs and Excise.

India needs fertiliser

By our own correspondent

NEW DELHI, April 19. IN SPITE of increased capacity, fertiliser production in India fell by 20,000 tonnes in the year ended March 31.

'Why sell meat when you can sell water'

BY CHRISTOPHER PARKES

BRITISH BUTCHERS are being "offered" machinery and shown techniques which, it is claimed, can help them make sausage-based on fat, skin and vegetable proteins for 13p a pound, and increase the weight of hams by 22 per cent. simply by adding water.

Senate gives fresh lease of life to U.S. futures body

WASHINGTON, April 19.

THE SENATE agriculture Committee yesterday voted to extend the life of the Commodity Futures Trading Commission for six years, essentially in its present form and with largely undiminished authority.

Copper leads metal market decline

BY OUR COMMODITIES STAFF

COPPER PRICES fell back sharply on the London Metal Exchange yesterday as a wave of speculative selling hit the market. Cash wirebars ended the day £11.5 down at £890.25 a tonne.

Ukraine sowings slowed

MOSCOW, April 19.

COLD WEATHER was causing problems for farmers in the key grain-growing area of the Ukraine, livestock reported. Sowing of spring cereals was behind last year.

U.S. Markets

NEW YORK, April 19.

COPPER closed lower on disappointed speculation that the U.S. dollar would be strengthened by a revised Brazilian trade agreement.

ContiCommodity COFFEE REPORT

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STOCK EXCHANGE REPORT

Equities up again helped by revival in British Funds

Share index up 8.1 more at 461.6—Short tap exhausted

Account Dealing Dates

Option

First Declared Last Account

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Following the previous day's

tussle between buyers and sellers,

the investment currency market

yesterday more markedly re-

flected profit-taking after another

good business. The premium

opened slightly easier at 115 per

cent, and fell away further to

close at the day's lowest of 110

per cent, for a net loss of 4

on the overnight level. Yesterday's

conversion factor was 0.664

(0.6547).

Banks firm

The major clearing banks made

useful progress in their charges

may be raised in the wake of the

Price Commission's report. The

1 per cent. increase in their

respective base lending rates had

already been discounted follow-

ing last week's similar rise in

minimum lending rate. Barclays

closed 10 higher at 35p and

NatWest added 9 to 28p, while

Lloyds and Midland were both

higher at 27p and 30p, respec-

tively. The discount market re-

flected the trend in gilt-edged. Clive,

a further penny dearer at 79p,

continued to attract support in

front of to-day's preliminary

results, while Alexander's put on

4 to 23p, as did Gerrard and

National, to 16p. Antony Gibbs

hardened 2 to 43p in response to

the increased dividend payment

in Merchant Bankers where

Hambros improved 3 to 16p.

Hire Purchases picked up at

lessened fears about dealer credit

and Wagon Finance ended 5

higher at 40p, while UTR put on

3 to 40p; the announcement of the

sale of a partly-owned South

African subsidiary had little

apparent effect on the UDT price.

Composite insurances moved

higher in thin trading. Royal

added 7 to 36p and Guardian

Royal Exchange rose 4 to 21p.

Elsewhere, Sun Life relinquished

a penny to 96p following the

interim dividend, while Hambro

Life, at 30p, gave up 3 of the

previous day's rise of 18. London

United, at 15p, hardened a penny

more on further consideration of

Monday's announcement of record

dividend and the proposed scrip

issue and share consolidation

proposals.

Breweries continued to move

ahead, but trade remained light;

sentiment was helped by a

broker's report suggesting that

companies would benefit from the

Budget measures. Bass Charring-

ton finished 4 up at 15p, while

Allied, 5p, and A. Guinness, 17p,

put on 3 apiece. Distillers moved

up 5 to 18p and A. Bell 6 to 24p.

In a much improved trade,

Building issues held widespread

gains with APC cement 5 more

to 23p and Tunnel B 7 better at

24p. In the Contracting and

Construction sector, Richard

Gosnell, 34p, and Wylly Woods

rose 34p, put on 4 and 6 respec-

tively. John Mowlem firmed

at 12p.

Electricals had the occasional

firm spot. GEC rose 6 to 24p,

while BICC, 11p, and EMI, 18p,

put on 3 apiece. M.K. Electric

ended at 12p.

Horizon Midlands up

The miscellaneous industrial

leaders took Tuesday's technical

rally a good stage further, helped

by a sharp return in gilts and

fresh demand in a market short

of stock. Bechem put on 8 to

33p, after 6p, and Glaxo rose

7 to 33p, after 26p. Tarnish

ended at 12p. Newell added 4 to

18p at 18p.

Properties better

Property shares encountered

useful demand which continued

in late dealings. In the leaders,

Land Securities firmed 5 to 10p

and English Property 13 to 30p,

while MEPC ended 2 dearer at

11p. Secondary issues notable

for firmness included Great Pri-

mary, which rose 9 to 38p, and

United Real, 4 up at 25p.

Berkeley Homes improved 3 to

37p. Fairview Estates rose 4 to

11p on demand in a thin

market after reports of the

company's share price rising

to 11p. In the afternoon

interest was in the afternoon

buying in the afternoon, business

left prices at or around the day's

closing levels.

Golds recover

South African Golds moved

ahead for the first time in its

trading days, reflecting the

recovery in the bullion price, which

was finally 70 cents better at

81.47p per ounce.

A firm trend in overnight U.S.

markets saw share prices marked

up here in the morning and

improve further as Cape buying

became apparent. In the afternoon

interest was in the afternoon

buying in the afternoon, business

left prices at or around the day's

closing levels.

London-registered Finn

Gold Fields rally strong

late trade to close 5

balance at 170p, after 16

Northern Mining were

in the shares to a 1978

high of 217p.

Hampton Areas closed

at a high of 11p following

that CCP has acquired

cent of the company.

Elsewhere, Yukon Co

rose 6 more to a high

owing to persistent buy

in this market while S

handover rose to 54

owing to Irish buying.

FINANCIAL TIMES STOCK INDIC

	Apr. 19	Apr. 18	Apr. 17	Apr. 16	Apr. 15	Apr. 14
Government Secs.	72.18	71.78	71.73	71.50	71.53	72.78
Fixed Int.	78.30	78.31	78.31	78.31	78.31	78.31
Industrial Ordinary	461.6	458.8	446.7	447.4	452.9	460.2
Gold Mines	141.1	137.9	143.5	147.0	150.9	151.4
Ord. Div. Yield	5.94	5.94	6.03	6.01	5.95	5.87
Earnings P/E Ratio	13.38	17.44	17.69	17.69	17.38	17.14
P/E Ratio (excl. Div.)	7.50	7.52	7.50	7.50	7.50	7.50
Debt/Equity Ratio	4.568	4.568	4.568	4.568	4.568	4.568
Equity Turnover	75.38	75.38	75.38	75.38	75.38	75.38
Equity Turnover	75.38	75.38	75.38	75.38	75.38	75.38

HIGHS AND LOWS

	High	Low	High	Low	S.E. ACT
Govt. Secs.	78.30	71.50	71.50	71.50	155.1
Fixed Int.	78.31	78.31	78.31	78.31	155.1
Ind. Ord.	461.6	446.7	446.7	446.7	155.1
Gold Mines	141.1	137.9	137.9	137.9	155.1

NEW HIGHS AND LOWS FOR 1978

	High	Low	High	Low	S.E. ACT
Govt. Secs.	78.30	71.50	71.50	71.50	155.1
Fixed Int.	78.31	78.31	78.31	78.31	155.1
Ind. Ord.	461.6	446.7	446.7	446.7	155.1
Gold Mines	141.1	137.9	137.9	137.9	155.1

RISES AND FALLS YESTERDAY

	High	Low	High	Low	S.E. ACT
Govt. Secs.	78.30	71.50	71.50	71.50	155.1
Fixed Int.	78.31	78.31	78.31	78.31	155.1
Ind. Ord.	461.6	446.7	446.7	446.7	155.1
Gold Mines	141.1	137.9	137.9	137.9	155.1

Barclays Bank

Base Rate

Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 20th April, 1978, their Base Rate will be increased from 6½% to 7½% per annum.

The basic interest rate for deposits will be increased from 3% to 4% per annum.

The new rate applies also to Barclays Bank Trust Company Limited



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FINANCIAL TIMES

Thursday April 20 1978

SHEFFIELD CITY OF OPPORTUNITY
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Barre outlines plans for economic stability

BY ROBERT MAUTHNER

PARIS, April 19.

THE NEW French Government's programme, presented to-day to the National Assembly by M. Raymond Barre, the Prime Minister, confirms both the Government's aim to pursue its economic stabilisation policies and help hard-pressed industry and the lowest-paid workers.

Industry has long complained about crippling price controls and tight profit margins, but has been told by the Prime Minister that prices will be freed "progressively and irreversibly". The Government has promised to introduce a number of important investment incentives.

Anxious to show the country that it can count on a large majority in Parliament after last month's General Election victory, and in spite of Gaullist reservations, the Government has asked the National Assembly for a vote of confidence on M. Barre's declaration.

It should obtain the required majority, since the Gaullists have made it clear that they are not spilling for a fight at this

stage of the administration's life. Explaining the Government's overall economic policy, M. Barre said that it would continue to give priority to the fight against inflation, a stable and strong currency, and bringing the trade balance back into equilibrium.

But the Government would also aim for the highest possible growth rate compatible with these requirements. The Prime Minister did not indicate the growth rate for which the Government aimed.

Measures to stimulate investment include the creation of non-voting Preference shares which do not currently exist in France, and special loans from the State soft-loan agency, which the Prime Minister said would be considered as a company's own resources.

It was essential that the excessive indebtedness of French companies should be reduced, and that their self-financing capacity should be restored. The Government is also offering substantial tax concessions. Company and income tax, with

valued-added tax and social security charges, will be frozen at their present levels throughout the current year and next year. Tax rebates will be given on industrial shares, and the scale of interest rates will be revised to promote long term investments.

The Prime Minister said the Government intended to persevere with its policy of maintaining the purchasing power of wage-earners, but the general rule remained that wages and salaries would not be allowed to rise faster than prices.

Though it would take steps to raise the minimum national wage, the Government's long-term aim would be to replace it with minimum wage levels for each industrial sector.

A minimum income for families with many children would also be established.

M. Barre said that France would pursue the previous Government's foreign and defence policies.

Details, Page 2

Bill to increase Ulster MPs may be delayed

BY RICHARD EVANS, LOBBY EDITOR

IN A TACTICAL move that may give the Prime Minister more scope for postponing a general election until next year, the Government is expected to delay legislation increasing the number of Northern Ireland MPs until the next Parliamentary session.

Mr. Callaghan announced in the Commons yesterday that the Government had accepted the recent recommendation of the all-party Speaker's conference that the number of constituencies in Ulster be increased from 12 to a minimum of 16 or a maximum of 18.

He said the Government would introduce a Bill as Parliamentary circumstances permit, but the indications last night were that legislation will not be brought forward in the current session.

The political significance of the delay is that up to ten Ulster Unionist MPs would be more likely to give the Government their support or abstain, on issues of confidence next session if the legislation was in the Queen's Speech next November and about to go through Parliament.

With this backing, Mr. Callaghan might be tempted to continue beyond the autumn should economic and electoral assessments make it advisable, even if the 13 Liberals withdraw from the Lib-Lab pact in the summer.

The story is that Mr. David Steel the Liberal leader, will not seek an early election after withdrawing from the pact, and might be willing to abstain from voting on an issue of confidence. Abstentions by both groups could

make Mr. Callaghan's position relatively secure, particularly as Ministers would go out of their way to avoid antagonising the minority parties.

Mrs. Margaret Thatcher, the Conservative Leader, urged the Prime Minister to pass the necessary legislation providing for more Ulster seats before the summer recess, as the Bill would be a short one.

With notable caution Mr. Callaghan replied: "I think the House can be satisfied that the Government will introduce the legislation, but in view of the pressure of time this year it does not mean we will necessarily do it this session... if not this session, it will be in the next session."

The Prime Minister confirmed that in any event the next General Election would be based on the present 12 Northern Ireland constituencies, because of the time that would be needed for the Boundary Commission to draw up new boundaries and hear appeals.

There has been growing pressure to increase Northern Ireland representation at Westminster since Stormont was suspended and Westminster assumed direct rule. The Ulster constituencies are much larger than those in the rest of the U.K.

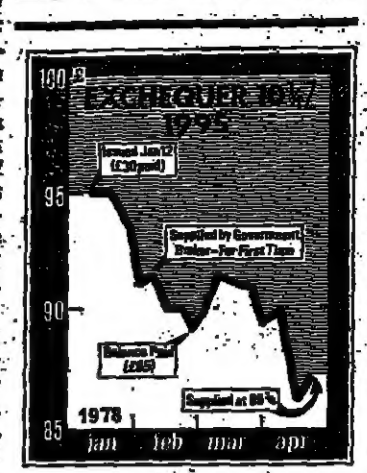
The most outspoken comment on Mr. Callaghan's statement came from Mr. Gerry Fitt, Social Democratic and Labour Party MP for Belfast. "What who said that only the Unionist community would welcome the move."

Parliament Page 8

THE LEX COLUMN

Funding the big May deficit

Index rose 8.1 to 461.6



It has taken a week for the financial markets to settle down after the Budget but yesterday there was evidence of a far healthier undertone. Nervousness about another rise in the Minimum Lending Rate was dispelled by the banks' decision to raise their base rates by just 1 per cent. yesterday morning. If there had been serious fears that MLR was going to rise tomorrow they would hardly have moved, and this confident gesture was quickly transmitted to the gilt-edged market.

The Government Broker did not waste time getting his funding programme back on the road. The price of the short tap, Exchequer 31 per cent. 1983, was cut and it was exhausted almost immediately. The price of the long tap, Exchequer 101 per cent. 1995, was also axed from its mid-March level of 91 1/2, and the GB probably sold around £100m. at 88 1/2—a far cry from last January's issue price of 95.

It has been over a month since the authorities sold any stock (officially at least) and yesterday's funding should show through beneficially in the money supply figures—yesterday was make-up day. However, the authorities have a heavy funding programme ahead of them and the gilt-edged market is still unsure whether the current yield structure is sufficiently attractive. On the other hand institutional liquidity has now recovered from its depleted levels at the turn of the year.

There is probably £200m. of the long tap left and the axis is on the GB to sell this as quickly as possible. At least one new tap is expected on Friday, and maybe two. However, with short yields of well over 10 per cent. and long yields close to 13 per cent. it looks expensive funding, given the official forecast of an 8 per cent. inflation rate.

Burmah Oil

Increasing pessimism in the market about Burmah Oil's recovery prospects was contradicted yesterday by the group's achievement of an overall pre-tax profit for the first time since 1974. But the profit was a mere £3.6m. on turnover of £857m., and arguably the after tax loss of £5.9m. (against 9.3m.) is a better guide to the group's progress. Moreover there is a big extraordinary loss of £24.3m. reflecting the cost of the recent agreement to terminate four more tanker charters as well

as cancellation charges in respect of two orders for LNG carriers.

The steady improvement in the contribution of the non-shipment operations continued through the year, the overall 23 per cent. advance to £45.4m. at the trading level mainly reflecting advances at Castrol and Quinton Hazell. Shipping losses eased from £39.4m. to £38.8m. but this decline was no more than could be explained by the change in the sterling/dollar exchange rate, and there does not appear to have been any underlying improvement in the second half.

The question is whether Burmah's shipping losses will now get worse before they improve again. The newly delivered 445,000 ton Burmah Endeavour will make sizeable losses on charter to Exxon at Worldscale 184, and a sister ship is about to arrive. On the other hand, two LNG carriers are profitably employed between Indonesia and Japan, with others going into operation later, and the North Sea Thistle field (in which Burmah has a stake of 8.1 per cent.) has just delivered its first tanker cargo of crude. It is not easy to see which way the profits pendulum will swing, and the share price—up 7p to 54p—could be jumping the gun a little.

Delta

The most striking feature of yesterday's 1977 profit figures and annual report from Delta Metal is the transformation which has taken place in the geographical distribution of profits. Only a year ago Africa, and South Africa in particular, accounted for almost 40 per cent. of pre-interest profits and

54 per cent. of the pre-interest profit in 1977. A 35 per cent. in African profits brought in on cent. of pre-interest profit. But thanks to a more per cent. rise in the contribution group profits for the year ended 31st March, this trend continued with 1978 proving another difficult South Africa, leaving production almost unchanged, but increasing its share of the total. Outside Africa, however, the picture was a mixed one. In 1977, a 35 per cent. in African profits brought in on cent. of pre-interest profit. But thanks to a more per cent. rise in the contribution group profits for the year ended 31st March, this trend continued with 1978 proving another difficult South Africa, leaving production almost unchanged, but increasing its share of the total. Outside Africa, however, the picture was a mixed one. In 1977, a 35 per cent. in African profits brought in on cent. of pre-interest profit. But thanks to a more per cent. rise in the contribution group profits for the year ended 31st March, this trend continued with 1978 proving another difficult South Africa, leaving production almost unchanged, but increasing its share of the total. Outside Africa, however, the picture was a mixed one.

South Africa is not overseas country where proved a tough year for profit contributions across the Board as it has tried to cope with demand in Australia and there has been noticeable volume growth in Western Europe. The spots in the U.K. stamping companies, copper, while products also produce results. The shares valued at 71p, where taxed p/e is 8.6, 10.7 per cent., but on pany's CCA figures this is not yet fully covered.

Lloyd's brokers

The Lloyd's brokers' community will react with the decision by the Lloyd's of London to ban outside interests from more than 20 per cent. of Lloyd's broking firm. Current attempts to acquire Le Godwin and Wigham had been allowed to the share of the income commission cake and the remaining in Lloyd's firms would be threatened.

But the implications Lloyd's market as a more questionable. Lloyd's brokers are also no reason why outside broking groups should be acceptable to Lloyd's. They can fulfil the criteria. In the U.S. broking firms app. Lloyd's will be accepted them? Unless that happens and Godwin, Wigham could be worth nearer the poor profit figures

British Aerospace opposes move to buy U.S. jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE yesterday entered the controversy over U.K.-U.S. aircraft collaboration in two separate statements, it rejected arguments that British Airways should buy the Boeing 737 short-range jet and at the same time it responded non-committally to suggestions that Britain should join Boeing in developing the bigger 787 jet airliner.

The nationalised aircraft manufacturing group maintained that British Airways should buy the British One-Eleven instead of the 737, and that the Boeing offer of collaboration on the 787 was not as good as was claimed.

Commenting on the British Airways plan to buy 10 Boeing 737s at a cost of £140m., it said the purchase would avoid the high cost of introducing a new aircraft type.

It said that it had put forward its own plan for an improved version of the One-Eleven, "which we believe is technically and operationally satisfactory."

British Aerospace said that the investment in the same number of One-Elevens would be £125m., and that British Airways' claims of higher profits from the 737s must include "a considerable potential margin of error."

"From the middle of the 1980s aircraft in this category with new technology engines will progressively become available, and it is unlikely that any aircraft now chosen will be in service on the major BA routes until the 1990s."

"Until this time, the BAC One-Eleven is a highly suitable and profitable aircraft and its purchase would avoid the high cost of introducing a new aircraft type."

In its second state, the doing offer of collaboration on the proposed 737 twin-engine short-haul jet, the U.K. group disputed the figures given by Boeing for the proportion of work coming to this country.

Boeing insisted that the U.K. could have 40 per cent. of the work on the 737, covering wings, landing gear, engine nacelles and rear fuselage, and that this figure would rise if U.K. engines were used and if final assembly and flight tests were undertaken in the U.K.

British Aerospace claimed yesterday that the work offered by Boeing so far amounted to about 20 per cent. of the aircraft, and was no different to that offered some time ago by Boeing on its original 737 proposal of work-sharing.

Air deals attacked, Page 3.

Lloyd's bars outside owners

BY JOHN MOORE

THE 16-STRONG Committee of Lloyd's of London has ruled against ownership by a Lloyd's broker by a non-Lloyd's broker. The decision puts in doubt the two bids made by American brokers Marsh and McLennan and Frank B. Hall for Lloyd's brokers Wigham Poland and Godwin and Wigham.

After a six-hour meeting yesterday, the Committee (consisting of four brokers and 12 Lloyd's underwriters) issued a statement explaining that "the prime consideration was to ensure that all Lloyd's brokers remain genuinely independent, so that free of pressure from their ultimate owners, they can continue to obtain the best terms for their clients, be it at Lloyd's or with insurance companies."

The fundamental factor in testing the degree of independence was felt to be the degree of control by outside insurance interests.

It is this definition of outside insurance interests which could stymie the bids of Hall and Marsh. Outside insurance interests are defined as an "insurance company, an underwriting agency, or a non-Lloyd's broker," and while the Committee retains absolute discretion the holdings by such in- and outside interests should not normally be more than 20 per cent.

"It follows, therefore, that no outside insurance interests may normally hold more than 20 per cent. of the equity of a broker seeking recognition at Lloyd's."

Brokers such as Leslie and Godwin and Wigham Poland who have been involved in recent takeover discussions have been so informed.

Although there are a number of precedents for outside insurance interests having considerably more than 20 per cent. in Lloyd's brokers, the latest ruling by Lloyd's is understood not to be retrospective.

Government beaten on key Welsh Assembly clause

BY RICHARD EVANS, LOBBY EDITOR

IN A surprise Commons defeat last night the Government lost a key clause in the Welsh devolution Bill that casts doubt on the future of the legislation setting up a Welsh Assembly.

The clause, deleted by a combination of Conservative and Nationalist MPs, deals with the trigger mechanism for setting up the Assembly. It was defeated by 256 votes to 232.

The Nationalists, including some Scots, voted with the Conservatives apparently in protest at the Government's handling of the Bill. Some Nationalists, however, claimed that deletion of the clause meant that the Bill can be activated immediately in getting the Royal Assent.

Ministers were clearly taken aback by the defeat, and were uncertain how badly the legisla-

tion would be affected. An attempt is likely to be made to restore the clause during the report stage of the Bill.

One Ministerial interpretation last night was that deletion of the clause meant that the Bill could not be brought into operation. A statement from the Government is likely to be made in the Commons to-day.

Even if the clause is reinstated, a further hurdle has been inserted into the legislation. MPs voted 250 to 208, a majority of 72, to insert into the Bill a 40 per cent. voting proviso similar to the one in the Scottish devolution Bill.

This means that 40 per cent. of the total Welsh electorate will have to vote for the devolution proposals in an advisory referendum.

DPP to probe withholding of officers' pensions

BY OUR LOBBY EDITOR

THE DIRECTOR of Public Prosecutions is to investigate the action of civil servants who withheld part of the pensions of a group of disabled officers—to see if they should face criminal charges.

The news was disclosed to MPs in a written Commons answer last night by Mr. David Ennals, Social Services Secretary, following scathing criticism of the officials by Sir Idris Pugh, Ombudsman, in a recent report.

Sir Idris accused the Health and Social Security Department and its predecessor, the Ministry of Pensions—of "deliberately withholding" from a group of 26 ex-officer pensioners a significant proportion of the pensions to which they were entitled.

It is understood that four middle-ranking civil servants of the former Ministry of Pensions are involved, three of whom have retired, with one working abroad. The decision to consider

prosecution in such a case is extremely unusual and will cause consternation in Whitehall.

Mr. Ennals said he believed it would be right to investigate further whether there was any possibility that a legal offence might have been committed.

He had therefore decided to refer the relevant papers to the Director of Public Prosecutions, so that he may consider the issues and decide whether further action was appropriate.

In his report, the Ombudsman said that he was prepared to accept that the department thought it was acting properly before 1964. But after that, having been told their practice was wrong, "they deliberately chose not to correct it for existing pensioners except when they had to, and then to correct it, only to a limited extent."

Mr. Ennals said that payments amounted to more than £16,000 in arrears and nearly £13,000 in compensation for delay.

ICI seeks to improve profits

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries will be urged to keep its planned level of capital investment in new projects unless it achieves an early improvement in profitability, it was warned yesterday.

ICI had planned to sanction 90m. worth of capital expenditure this year, despite the disappointing results in the second half of 1977.

Mr. Maurice Hodgson, ICI chairman, said yesterday: "There is a clear need to keep our plans under review, because unless we improve our profitability quite soon, we will be unable to sustain the level of investment we need to achieve our strategic objectives."

Donors fell to very low levels in the last six months of 1977, and Mr. Hodgson told ICI's annual meeting in London that there had been no significant change in the general economic outlook.

Sales in the U.K. and on the Continent had shown only a modest improvement compared with the worst of the downturn in the second half of 1977.

"Particularly on the Continent, there continues to be a fairly severe competition in some sectors, which is leading to price weakness. We see this weakness persisting until there is a significant reduction in the amount of under-used capacity."

Mr. Hodgson stressed that, with lower growth in the chemical industry, a greater proportion of ICI investment would go towards improving or replacing existing plants and less towards expansion.

Teh ICI chairman was strongly critical of Government involvement in industry. Such intervention caused more problems than it solved, he said.

The attempt by the Government to use its purchasing power in Government contracts to enforce compliance with its incomes policy was "particularly threatening." The Minister concerned had assumed the role of "judge, jury and executioner."

"There had to be a major effort to improve ICI's productivity record in the U.K. and overseas."

Mr. Hodgson said ICI was anxious to have its shares quoted on more foreign stock exchanges, in order to broaden the shareholding of the company.

The annual meeting gave the authority to issue in international markets foreign currency securities convertible into ordinary shares.

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Lending rate increase

the cost of overdrafts to the top-quality corporate customers up to 8 1/2 per cent., with other borrowers paying up to 11-12 per cent.

The rate paid on the bank's seven-day deposits was also raised by 1 per cent. to 4 per cent.

This leaves them well below the return offered by the building societies, which are not expected to respond in the near future to the upward trend of short-term interest rates.

The confirmation of present rates provided by the banks' move helped to calm the discount market where fears of

a further rise appeared to have subsided.

The settled conditions were also reflected in the foreign exchange market, where the pound slipped slightly, but there was little indication of significant official support.

Sterling ended 10 points down against the dollar at \$1.8440. With the recent improvement in the dollar piling out, however, the decline was again reflected in the pound's trade-weighted index against a basket of currencies which dropped from 61.7 to 61.5, its lowest level since late last July.



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